



Alma Media Corporation  
**ANNUAL REVIEW 2012**

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# Taking leaps to advance our strategy

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## Dear Shareholder,

The past year was particularly difficult for media companies. As a result of the general economic slump in the eurozone and a marked decline in the media markets, Alma Media fell short of its financial targets for 2012. Revenue grew by 1.2% to approximately MEUR 320, largely due to acquisitions. The operating profit was MEUR 26,5, or 8,3% of revenue, and earnings per share was EUR 0.22. Alma Media's Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.10 per share be paid for the financial year 2012.



” Media use among consumers is undergoing a rapid diversification

Media use among consumers is undergoing a rapid diversification spurred by digital technology, particularly in the form of new mobile terminal devices such as smartphones and tablets. At the same time, the downward trend of print media is becoming increasingly emphatic.

Alma Media will take advantage of the opportunities presented by the market transformation by developing our publishing business into a combination of print and digital media, while also growing our digital service businesses aimed at both consumers and enterprises.

” In 2012, we successfully carried out a series of significant acquisitions to strengthen our digital business

In 2012, we successfully carried out a series of significant acquisitions to strengthen our digital recruitment services business by adding local market leaders CV Online in the Baltic region, LMC in the Czech Republic, Profesia in Slovakia and several others to our portfolio. The acquisitions, most of which focused on the Eastern Central European markets, had a total value of some MEUR 65 and substantially strengthen Alma Media's digital business operations.

We also revised the business model of the Etuovi.com housing portal in response to a sudden change in the domestic market situation, quickly becoming the Finnish market leader in housing advertisements posted by consumers.

We established Alma Diverso, a new unit that not only serves the digital business development needs of the entire Group, but also develops and refines digital services based on content targeted at consumers. Furthermore, we expanded our service offering by acquiring Finland's number one paid online dating service e-Kontakti.

## ” A significant first move towards paid digital content in the Finnish market

Kauppalehti implemented a new operating model with digital content accessible through paid product packages, which was a significant first move towards revenue generation in the Finnish market for online newspaper content. A simultaneous renewal of the printed newspaper, involving a shift in focus to in-depth journalism that contributes to the Finnish economy and society, also strengthened Kauppalehti's position as the leading financial media in the country.

In publishing operations, Iltalehti continued to make convincing progress as a frontrunner on the path to multimedia. The most significant move of all was the consolidation of Alma Media's regional and local newspapers into a single unit, Alma Regional Media. The restructuring of the organisation and adjusting the number of employees in line with the new operating model emphasising efficient cooperation was highly successful, with many joint editorial teams already fully operational in autumn 2012. The new approach to the production of local media also attracted interest outside Alma Media: welcome cooperation on content with Ilkka Group and certain other regional newspaper companies started in the beginning of 2013.

After colourful early stages, our investment in a new printing press in Tampere has progressed according to plan. Once commissioned in spring 2013, the new printing facility will provide a significant boost for efficiency, ensure high quality and open new product opportunities for the newspaper business.

The effects of rapid media transformation and the difficult market conditions have made the restructuring of operations unavoidable. Even as Alma Media has welcomed hundreds of new digital services experts to the company through acquisitions, there have been cutbacks in the number of personnel in publishing operations. Alma Media's employees deserve recognition for having maintained their work ethic and professional attitude to cooperation even under difficult circumstances.

During the past year we made significant investments in improving working conditions, based on paying close attention to the needs of personnel. The most notable investments were the new office building completed in Helsinki's Töölönlahti district and the new printing press in Tampere, both of which were designed to be highly eco-friendly.

I wish to extend my warmest thanks to everyone at Alma Media, our customers, shareholders and other stakeholders for the past year. Under the circumstances, 2012 was financially satisfactory, but from the standpoint of implementing our strategy, it was a year of great significance.

**Kai Telanne,**  
President and CEO

# Weak European economy dropped advertising volumes

Advertising investments shifted from print media to digital channels, the use of mobile devices for media consumption increased dramatically and Finland entered a new era of paid online content.

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## Media advertising volume falls while online advertising continues to grow

Media advertising volume in Finland declined by 2.9% in 2012, totalling MEUR 1,353. Relative to the Finnish GDP, media advertising is currently at a historical low of 0.73%. Also when compared to international markets, total advertising volume in Finland was clearly below the levels seen in the United States and the UK. With the exception of the first quarter, media advertising in Finland fell throughout the year compared to 2011.

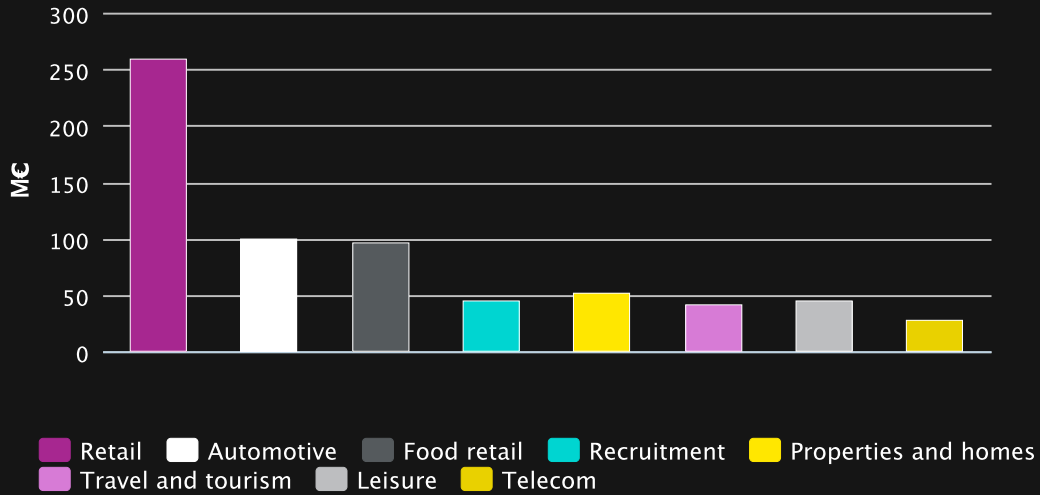
Print media represented 54.1% of media advertising, compared to 42.7% for electronic media. The year-on-year decline was most notable in newspaper advertising, which fell by 8.1%. The contributing factors include a very low volume of recruitment advertising (-18.5% from previous year) due to the uncertain economic conditions and a slowing down of automotive advertising (-9.0%) in the spring due to a change in car taxation. However, advertising for housing increased 3.0% from the previous year. Activity in the housing market was supported by low interest rates. Alma Media estimates that its market share is approximately 20% of all newspaper advertising in Finland. An increase in unaddressed direct mail advertising also contributed to a lower advertising volume for print newspapers. Unaddressed direct mail advertising grew by 13.2% in Finland compared to 2011.

The total volume of online advertising was MEUR 240.4, or 17.8% of all media advertising. Online advertising increased by 10.0% from the previous year. Display advertising grew by 14.8% and classified advertising decreased by 2.2%. Spending on search engine advertising was around 25% higher than in 2011, but advertising spending in online directory services was down 19%.

Alma Media's share of the Finnish display and classified online advertising market is slightly below one third and its share of all online advertising (including, in addition to the aforementioned, search engine advertising and online directories) approximately one seventh.

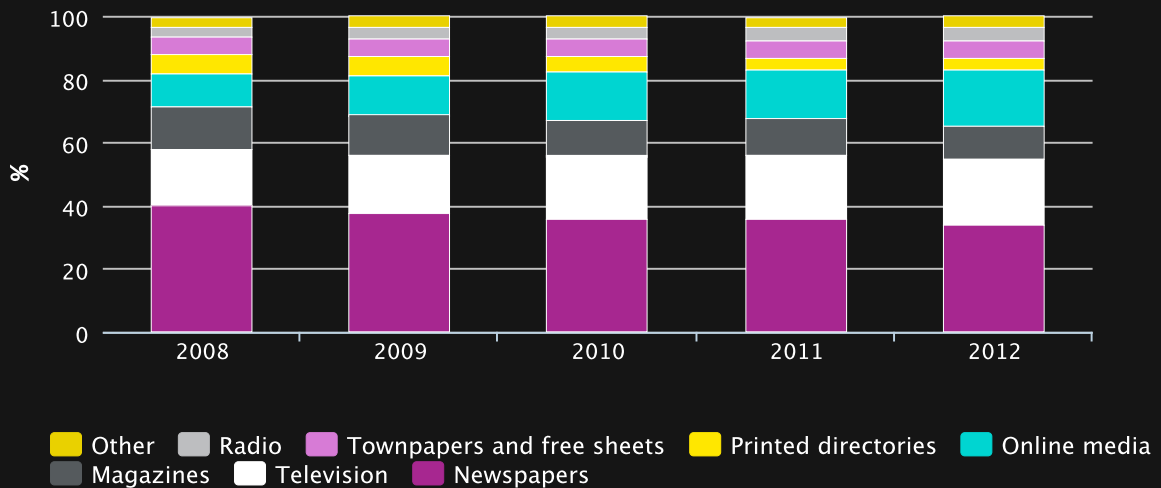
In Alma Media's other key markets, the Czech Republic and Slovakia, the recruitment services market grew by 2% and 7% respectively. The total value of the Czech market for recruitment advertising in 2012 is estimated at approximately MEUR 28 and the Slovakian market at MEUR 8.

## Largest advertising categories in 2012



Source: TNS Media Intelligence

## Media advertising by channel

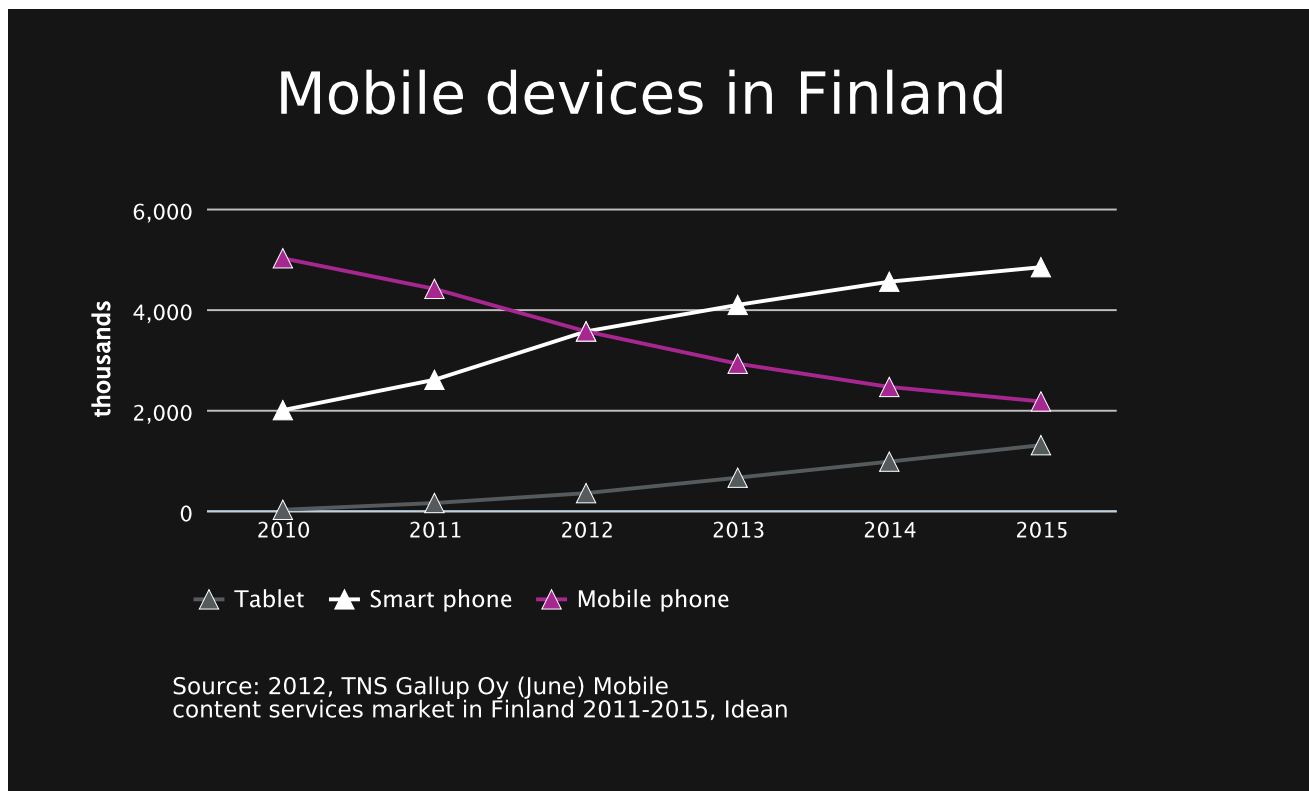


Source: Finnish Advertising Council

## Substantial growth in the use of mobile devices in Finland in 2012

The use of various mobile terminal devices grew considerably in 2012. According to a survey and forecast by TNS Gallup, 55% of Finns in the 15–69 age group had a smartphone in November 2012. The corresponding figure was 50% in June and 44% in January.

In November 2012, some 13% of Finns owned a tablet device, compared to 8% in June and 6% in January. Tablet use has more than doubled over the course of the year. Finnish market analysis company Idean predicts that the number of smartphone users will surpass that of basic mobile phone users in early 2013, with strong continued growth expected in both smartphone and tablet use.



The growing popularity of smartphones has also seen mobile Internet use increase rapidly over the past couple of years. On average, visitor figures for mobile websites have grown fivefold within this period. Idean predicts that mobile Internet use will surpass desktop internet use in a few years' time. In a survey by TNS Gallup, the percentage of respondents who read a magazine and/or newspaper on a mobile phone at least once per week was 15% (compared to 11% a year earlier), while the corresponding figure for other electronic reading devices was 5% (2% a year earlier).

The rapid growth in the use of terminal devices also supports the development of mobile marketing. In 2012, total spending on mobile marketing in Finland was estimated at MEUR 16-17.

## Changed competitive situation in housing advertising called for quick decisions

The Finnish market situation in housing advertising changed considerably in late 2011 with the launch of a new housing portal jointly owned by Finland's largest real estate agencies, the Central Federation of Finnish Real Estate Agencies and MTV3 Media. As the advertising of properties and homes is relatively concentrated in Finland, the entry into the market of the new operator had a notable effect on the number of visitors and advertising volume of Etuovi.com in the spring. Alma Media responded to the change in the competitive landscape by adjusting its pricing and launching a listing service for professional advertisers. As Etuovi.com enjoys a strong market position and is perceived as a reliable and well-known brand among consumers, the majority of its real estate agent customers returned to the service by autumn. Etuovi.com also opened its advertising service to consumers and quickly became the market leader in that category.

## Moving towards paid online media content

In Finland, new steps were taken towards paywalls for digital media content in 2012. Kauppalehti, which has a history of making pioneering moves in the area of paid online content, launched a subscription model renewal in May, restricting free access to online news services to 25 news items per visitor per month. In conjunction with the changes, Kauppalehti also differentiated its print and digital content. The implementation of the soft paywall did not have a significant impact on the number of visitors to KL.fi. The move towards paid digital content and consumer services will extend to Alma Media's regional and local newspapers in 2013.

## Circulation figures hit by the imposition of value added tax on subscription newspapers

In December 2011, the Finnish parliament approved a law that imposes value added tax of 9 per cent on subscription newspapers, effective from the beginning of 2012. Subscriptions were previously exempt from value added tax. Alma Media added the tax to the subscription prices charged to consumers. According to the company's own estimate, the increase in consumer prices caused by the value added tax resulted in an average decline in the circulation figures of regional and local newspapers of approximately three per cent compared to the previous year. The effect of the tax was less pronounced for Kauppalehti, as corporate customers are able to deduct the value added taxes they pay for their purchases. The value added tax on newspaper subscriptions rose to 10% in the beginning of 2013.

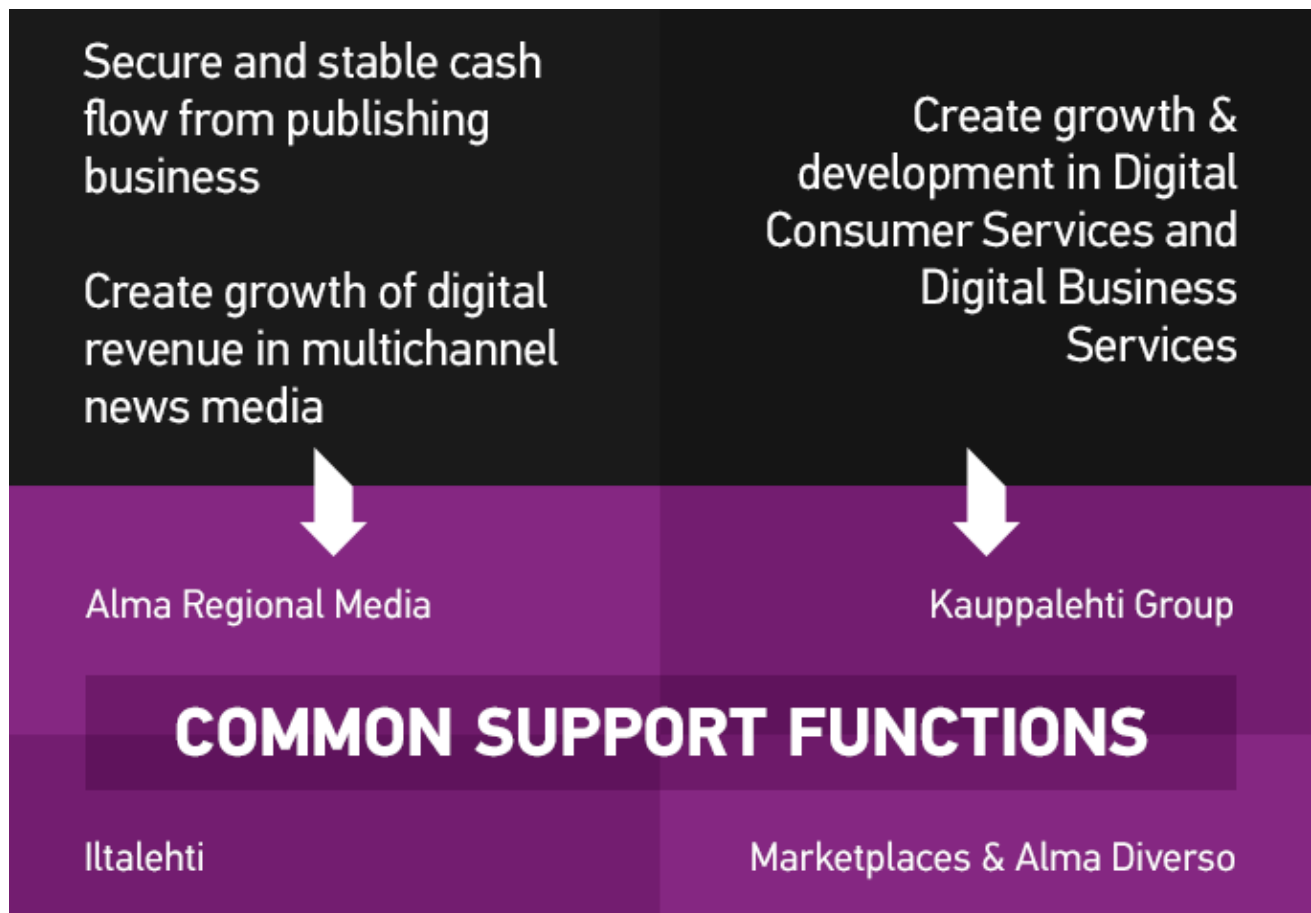


# Alma Media moved rapidly to implement its strategy

The year 2012 was a year of substantial change and renewal in Alma Media. The internationalisation and growth of digital businesses was expedited through acquisitions and the operating models of the company were developed. The renewal projects aim at making the businesses more responsive to changes in consumer behaviour while making a commitment to building sustainable media.

## Two-pronged strategy

Alma Media is moving forward with a two-pronged strategy: the company is improving the competitiveness and maintaining the profitability of its publishing operations while also growing its digital service business. In the background, there is also a long-term move towards a multimedia approach to publishing operations, with content being differentiated and packaged in different distribution channels according to user needs. This requires investment in developing competence and IT capacity throughout the organisation. As media user groups and consumer needs become increasingly diverse, sustainable media business must be as versatile as possible to respond to the varied needs of the market.



## Substantial investments in publishing operations

The printing press in Tampere was Alma Media's largest single investment in 2012. The new printing press aims to ensure that Alma Media's business operations based on print newspapers retain their vitality and that printing operations remain competitive and cost-efficient going forward. The new, environmentally certified printing press will also be more eco-efficient than before. The total value of the investment in the printing facility and machines is approximately MEUR 70. Production will be moved to the new printing facility gradually during the first quarter of 2013.

Alma Media also started significant multi-year investments in operational information systems. As many of the information systems currently used by Alma Media were originally designed to support print publication operations, their renewal plays a key role in adapting to the new business environment. The new information systems will create opportunities for improving the effectiveness of internal processes and customer relationship management.

## Efficiency boosted by new operating model for regional and local newspapers

The formation of Alma Regional Media, consisting of regional and local papers, and the development of a new operating model along with joint editorial teams is aimed at substantially reducing duplications of effort. The renewal is intended to reallocate resources to preserve local journalism in the changing operating environment. The combination of resources helps produce quality content on topics of interest to all readers, which also enables a focus on genuinely local journalism. The renewal of the operating model also involves content cooperation with external partners. Cooperation with other newspapers, such as those of Ilkka Group, is set to begin gradually in early 2013. The cooperation aims to improve the journalistic quality of the newspapers involved, improve operating efficiency, expedite development measures and increase editorial reciprocity.

## Acquisitions expedited internationalisation and the growth of digital service provision

In 2012, Alma Media's Marketplaces unit concluded a number of acquisitions that are significant for the Group's digital growth strategy. The acquired businesses, most of which are based in Eastern Central Europe, are primarily focused on recruitment services. In 2012, 11% of Alma Media's revenue came from international operations, compared to 5% in 2011. The employee structure has also changed substantially as a result of the acquisitions. At the end of 2012, altogether 585 employees (excl. deliverers), i.e. as much as some 30% of Alma Media's personnel, were based outside Finland (2011: approximately 14%).

## More digital business operations: Alma Diverso

Alma Media's new digital business service and development unit, Alma Diverso, began its operations in the beginning of 2012. The unit plays a central role in the development and production of the Group's digital media capacity, know-how and digital services. Alma Diverso's tasks include accelerating Alma Media's digital business growth, developing various network products for online advertising, monitoring, increasing and improving the quality of the visitor traffic of online services and increasing the earnings of the unit's own business operations. In 2012, Alma Diverso focused particularly on developing online advertising products.

## Kauppalehti – a pioneer in paid digital content

Kauppalehti implemented an extensive overall renewal of its print newspaper and took a pioneering role in the Finnish market by making a strategic move toward paid digital media content. Kauppalehti's renewal was the first step for Alma Media Group's publishing operations towards an operating model based on providing media consumers with reliable, ethically produced journalism via their preferred channels.

# International digital services business increased revenue

In 2012, the increased revenue of new digital businesses and good sales growth of digital advertising offset the revenue decline of printed media.

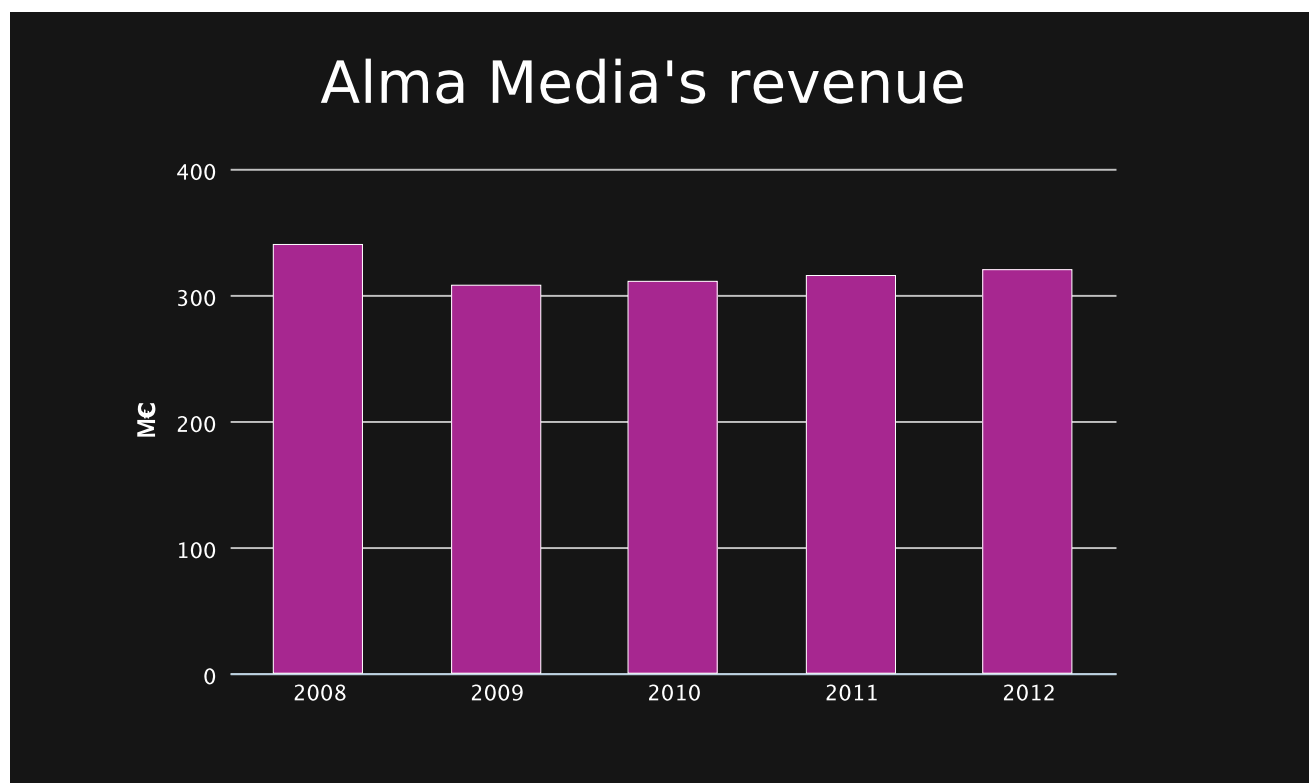
## Revenue

Alma Media's revenue for the full year 2012 grew by 1.2% to MEUR 320.1 (316.2). Revenue from business operations acquired in 2012 was MEUR 20.8 (0.0). Revenue from print media was MEUR 217.2 (236.1), with a share of 67.9% (74.7%) in the Group's revenue. Revenue from digital products and services was MEUR 77.8 (56.8), an increase of 37.0% mainly due to acquisitions. Digital products and services accounted for 24.3% (18.0%) of Group revenue. Other revenue totalled MEUR 24.7 (23.1), accounting for 7.7% (7.3%) of Group revenue.

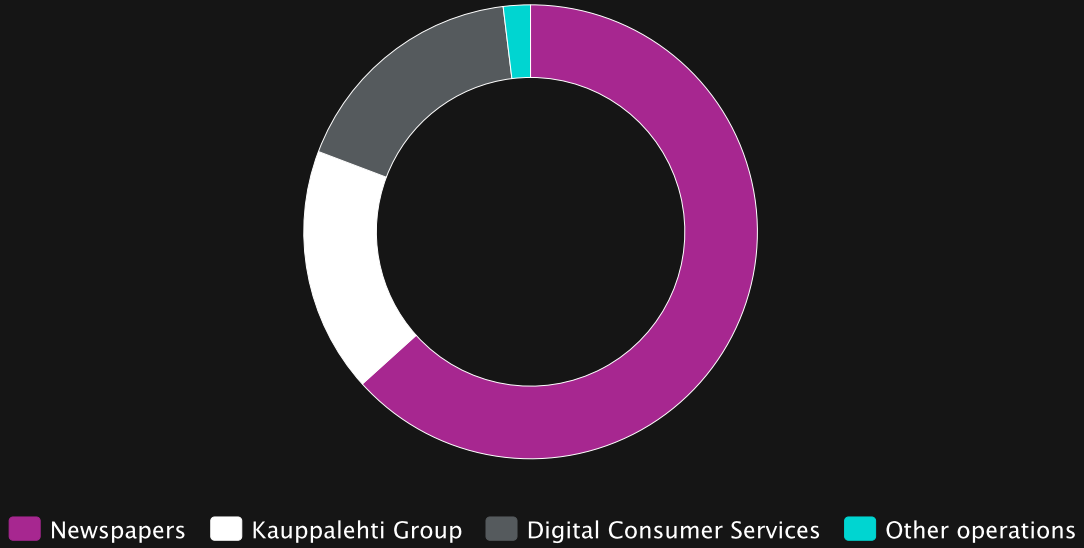
Revenue from advertising sales grew by 3.5% and was MEUR 160.8 (155.3). Advertising sales made up 50.2% (49.1%) of the Group's total revenue. Advertising sales for printed papers declined by 12.2% from the comparison period, totalling MEUR 97.7 (111.3). Online advertising sales grew by 43.4% to MEUR 61.8 (43.1).

Circulation revenue declined by 4.4% to MEUR 119.3 (124.8). The circulation revenue of the Newspapers segment decreased by 4.6% to MEUR 104.8 (109.9). Kauppalehti's circulation revenue declined by 2.7% to MEUR 14.6 (15.0).

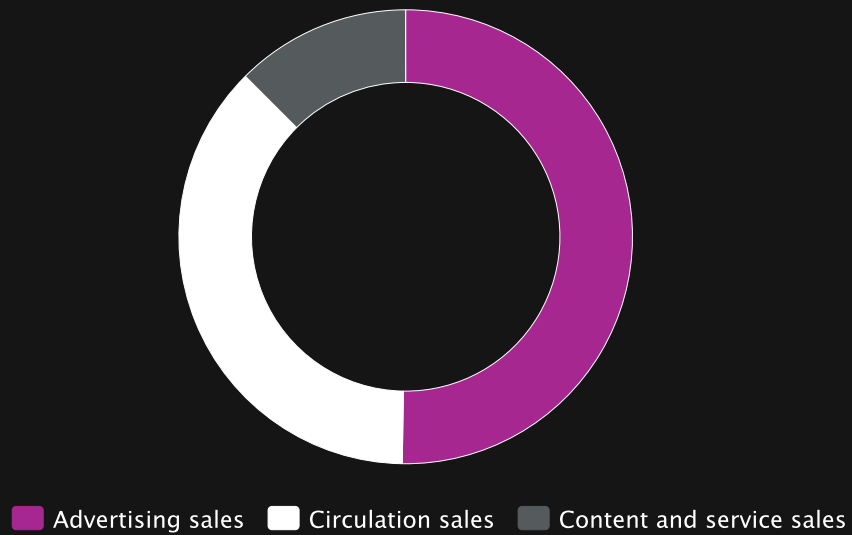
Contents and service revenue was MEUR 40.0 (36.1).



### Alma Media's revenue by segment 2012 (M€)



### Alma Media's revenue by category 2012 (M€)

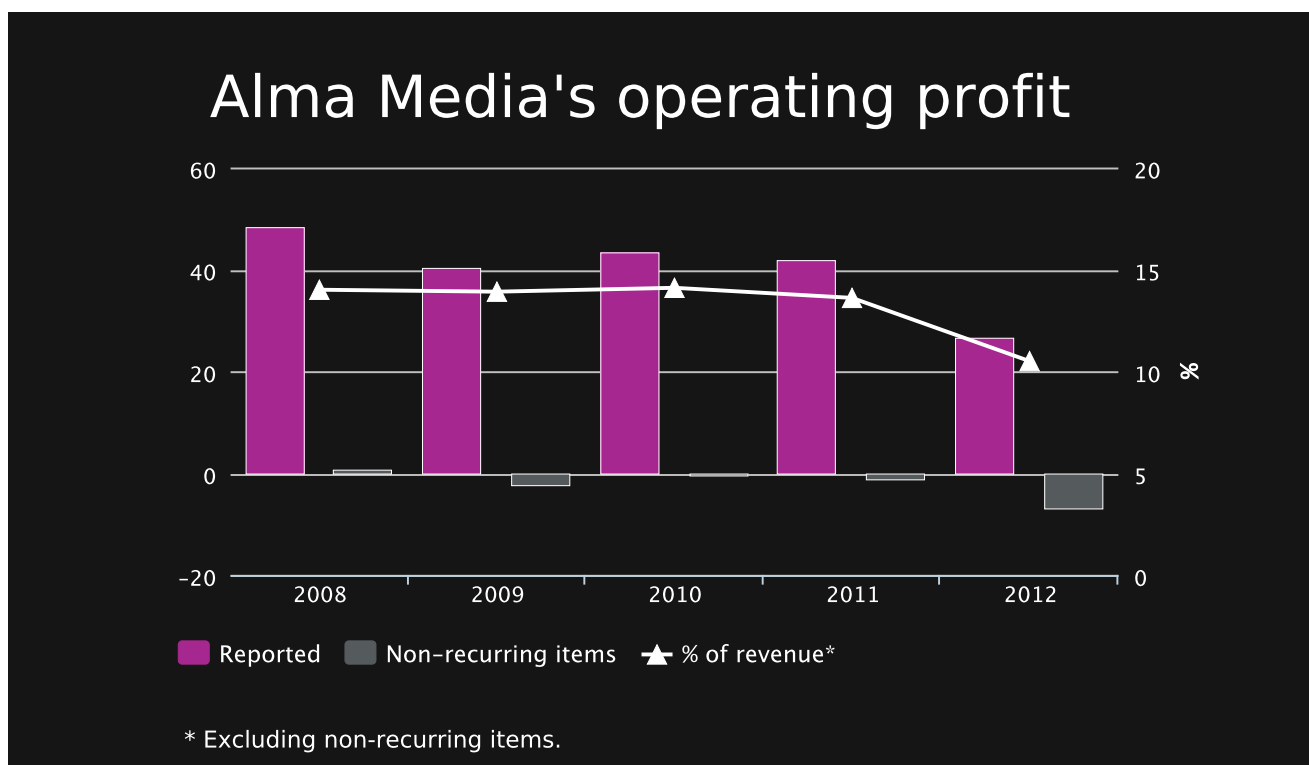


## Operating profit and profit for the period

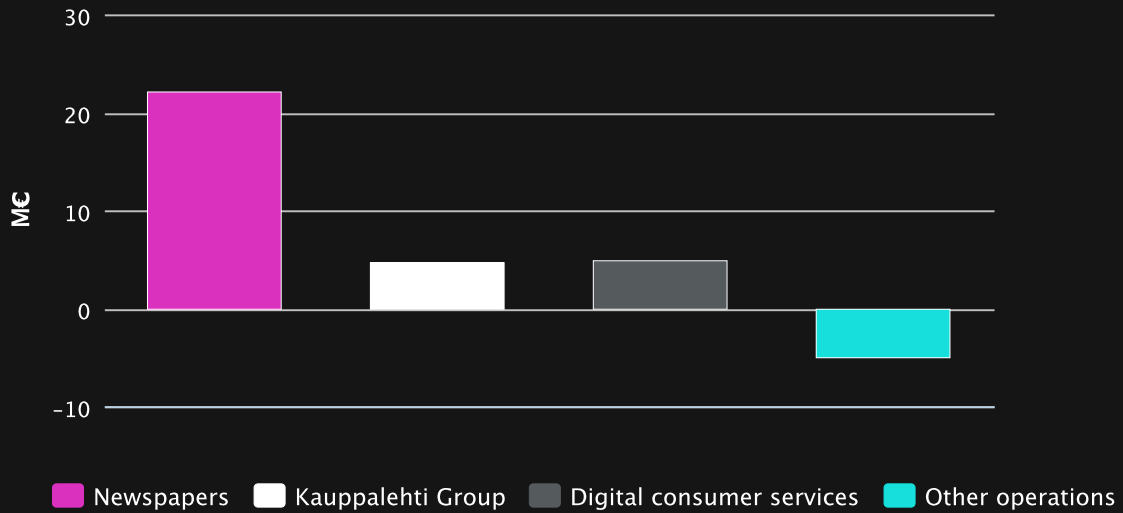
Alma Media's operating profit excluding non-recurring items was down 22.0% (down 2.2%) to MEUR 33.5 (42.9). The operating margin excluding non-recurring items was 10.5% (13.6%). The operating profit was MEUR 26.5 (42.0), and the operating margin 8.3% (13.3%). Operating profit from acquired businesses amounted to MEUR 2.9 (0.0).

The operating profit includes MEUR -7.0 (-1.0) in net non-recurring items. The non-recurring items during the review period were related to organisational restructuring, as well as impairment losses for capitalised R&D costs for the Marketplaces business.

The full-year 2012 financial result was MEUR 17.4 (30.8), and excluding non-recurring items, MEUR 29.3(31.7). The period's financial result includes a non-recurring item, a write-down of MEUR 4.8 in the shareholding in Talentum Oyj. It also includes changes in the fair value of contingent considerations and debt incurred by the reorganisation of the Marketplaces business in the amount of MEUR 3.6.



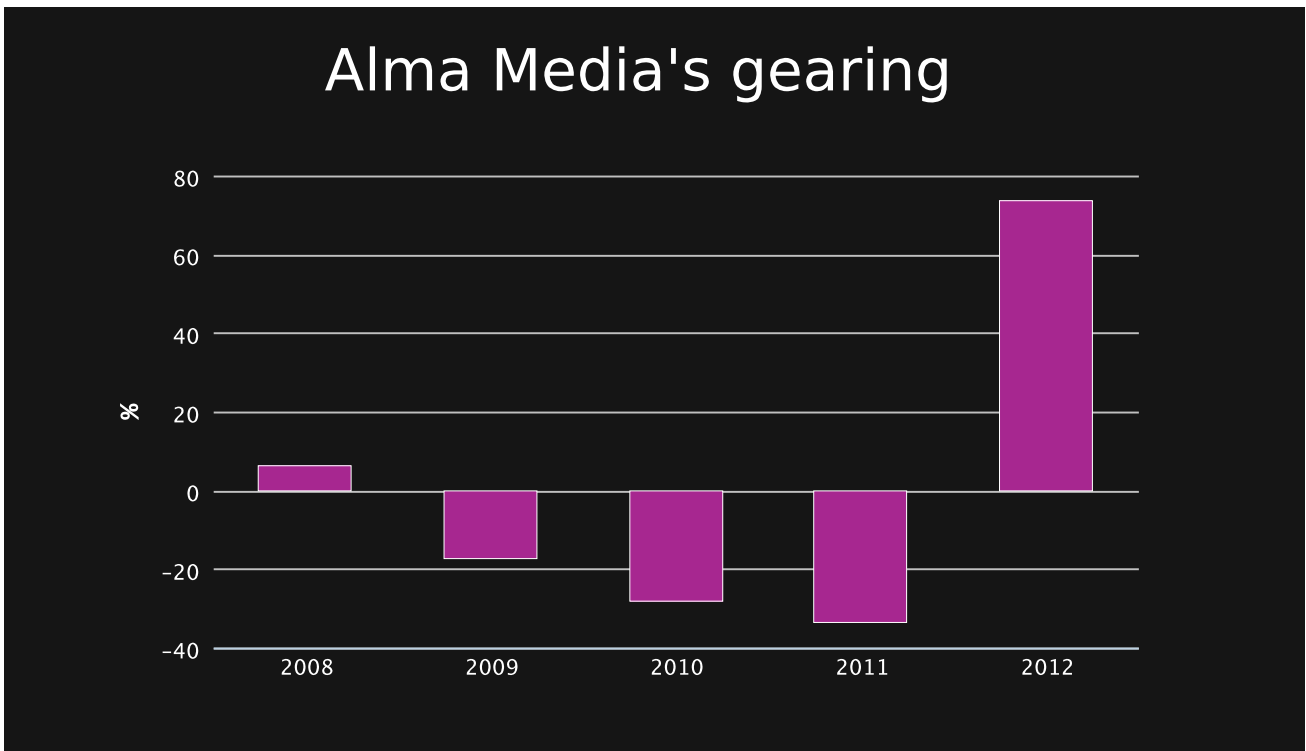
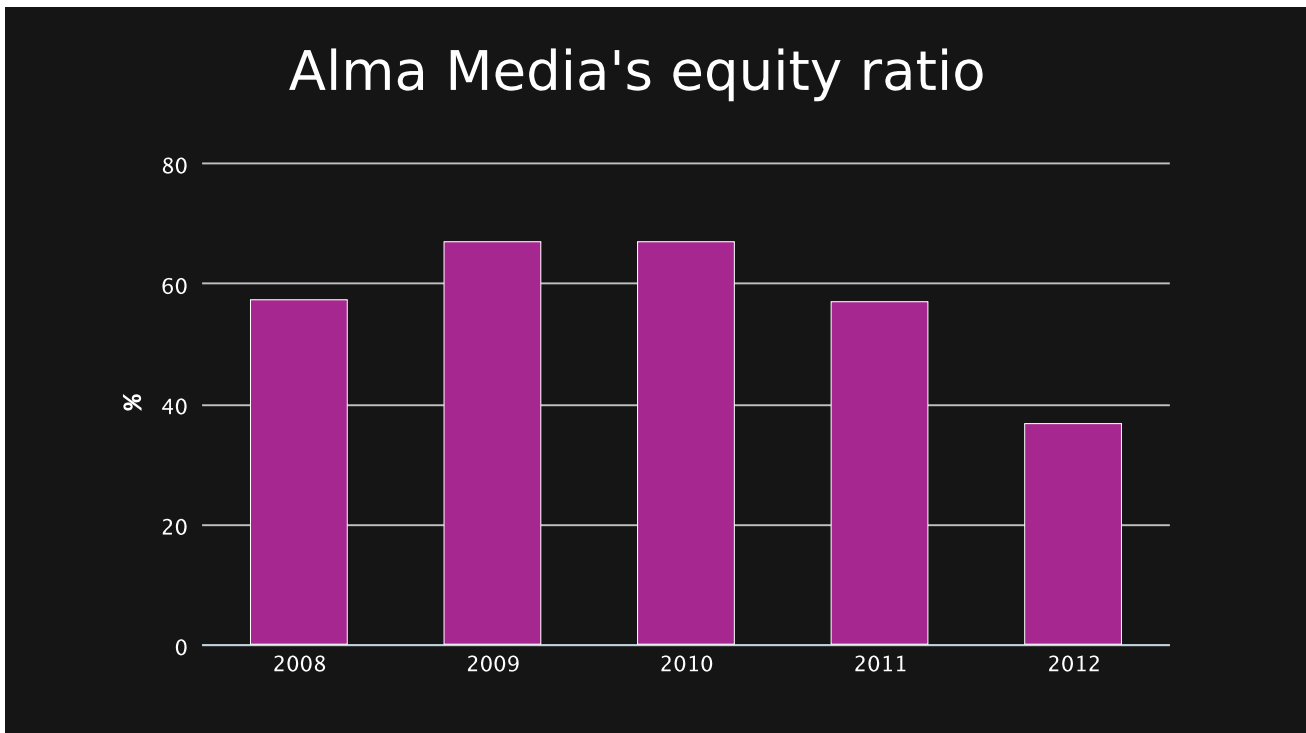
## Alma Media's operating profit by segment 2012



## Balance sheet and financial position

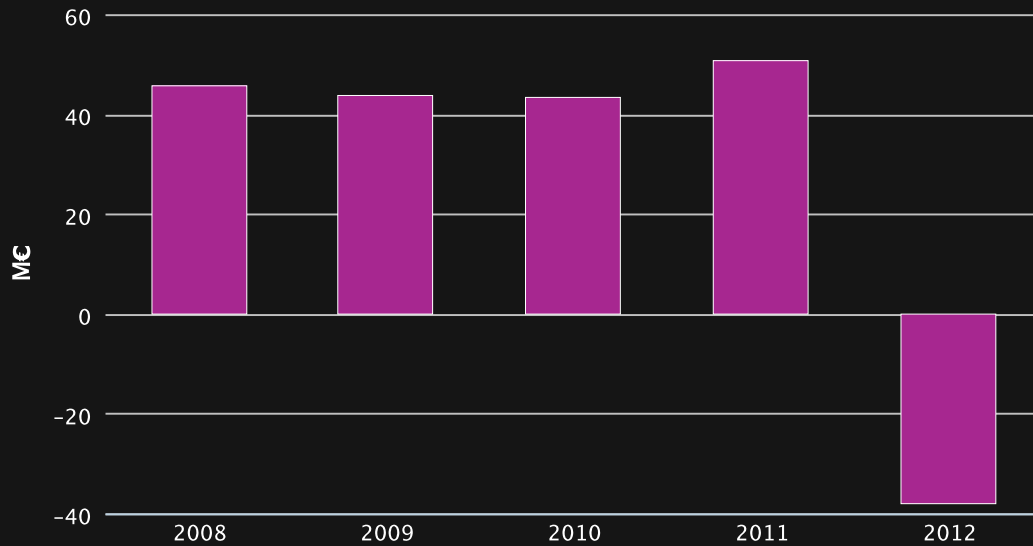
At the end of December 2012, Alma Media's consolidated balance sheet stood at MEUR 245.1 (198.0). Alma Media's equity ratio at the end of December was 36.7% (57.0%) and equity per share declined to EUR 1.08 (1.24).

At the end of December, the Group's interest-bearing net debt was MEUR 62.3 (-32.3). The increase in net debt was due to the entering into force of the rental agreement of the printing facility, treated as finance leasing, as well as loans taken for company acquisitions and dividend payment. Financial assets recognised at fair value through profit or loss created through corporate transactions amounted to MEUR 0.9 (4.9) on December 31, 2012, and the fair value of debts on the same date MEUR 2.7 (2.0).



The consolidated cash flow from operations in 2012 was MEUR 24.9 (50.7). Cash flow before financing was MEUR -38.0 (50.7). Because of the change in value-added tax treatment of newspaper subscriptions, part of 2012 subscription revenue was exceptionally created in 2011, which significantly reduced the cash flow from operations during the review period. Cash flow from investing activities was affected primarily by the acquisitions of business operations during the financial period.

## Alma Media's cash flow after investing activities

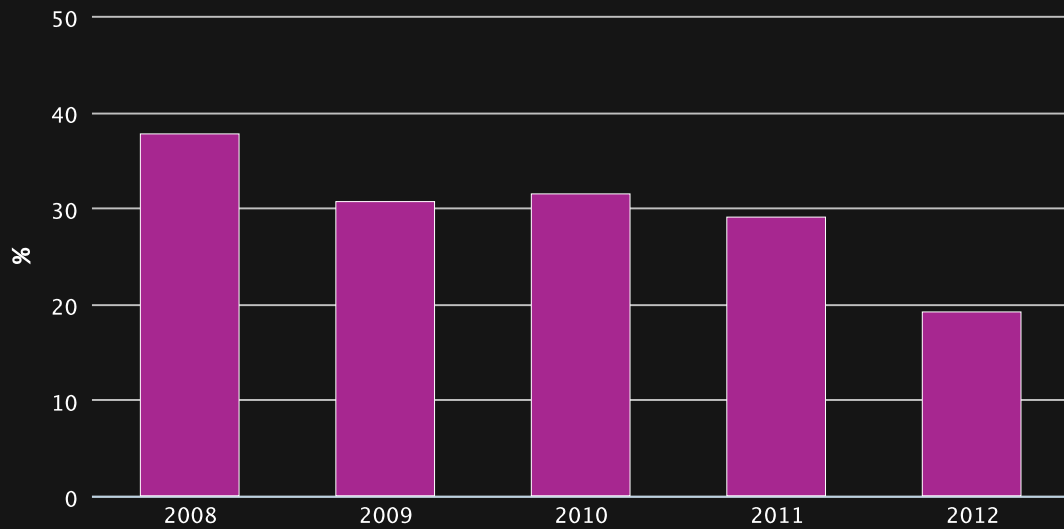


The Group currently has a MEUR 100.0 commercial paper programme in Finland under which it is permitted to issue papers to a total amount of MEUR 0–100. The unused part of the programme was MEUR 78.0 on December 31, 2012. In addition, the Group has a credit limit in the amount of MEUR 30.0 until October 9, 2013, of which MEUR 13.0 were unused on December 31, 2012, and a credit limit in the amount of MEUR 50.0 until October 15, 2014, of which MEUR 37.0 were unused on December 31, 2012.

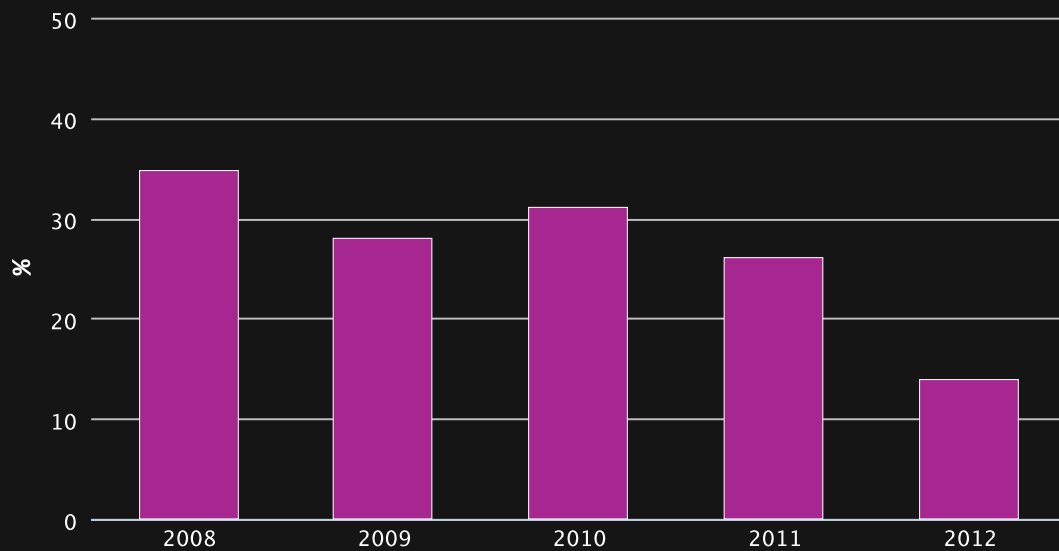
To further strengthen and diversify its financing structure, Alma Media Corporation in October signed two new credit facilities, both valued at MEUR 25 with Nordea Pankki Suomi Oyj and Skandinaviska Enskilda Banken Ab. At the same time, Alma Media terminated its valid credit facility of MEUR 35, previously agreed with Skandinaviska Enskilda Banken Ab. The new credit facilities are valid for two years.



## Alma Media's return on equity



## Alma Media's return on investment

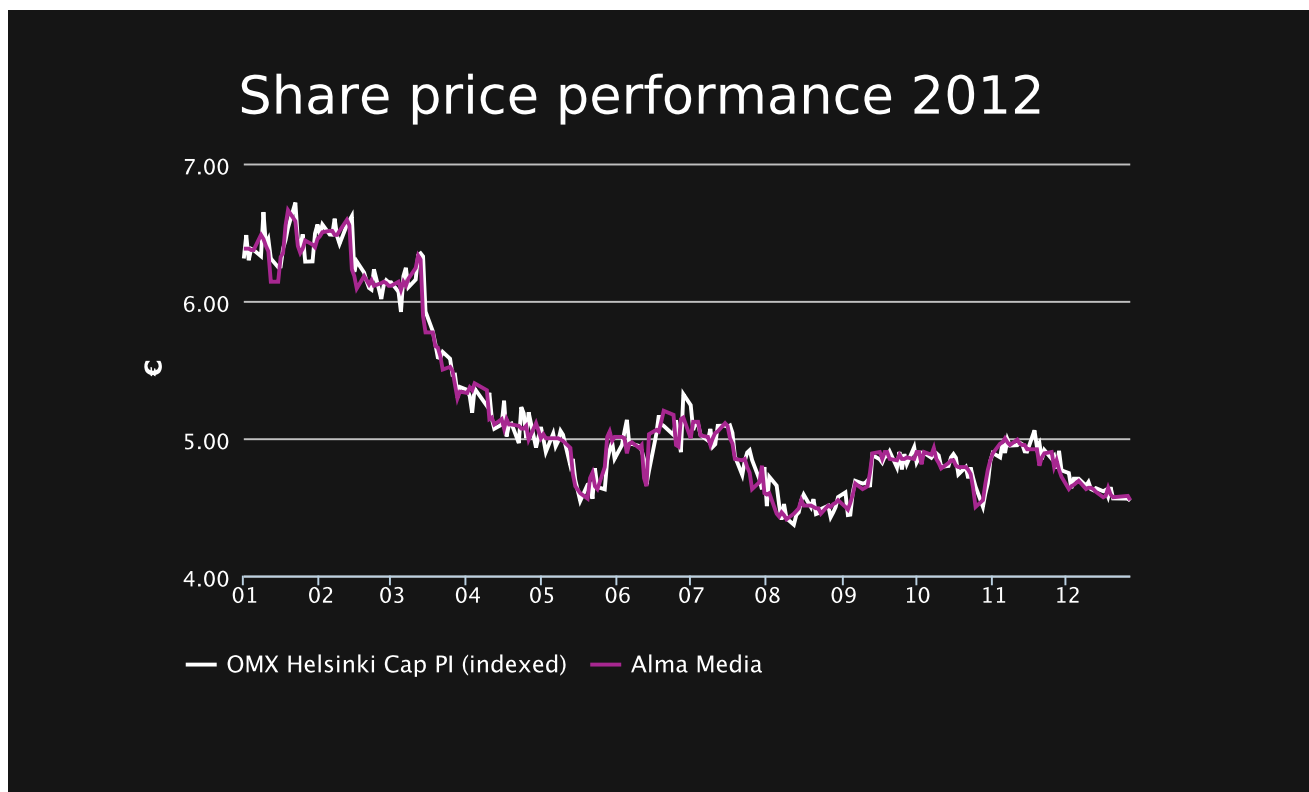


# Share and dividend

## Share

Alma Media share is quoted at NASDAQ OMX Helsinki Stock Exchange, in the Mid Cap category.

In January–December, altogether 5,066,413 Alma Media shares were traded at NASDAQ OMX Helsinki Stock Exchange, representing 6.7% of the total number of shares. The closing price of the Alma Media share at the end of the last trading day of the year, December 28, 2012, was EUR 4.55. The lowest quotation during the year was EUR 4.35 and the highest EUR 6.80. The volume weighted average price for the year, based on daily closing prices, was EUR 5.44. Alma Media Corporation's market capitalisation was MEUR 343.5 at the end of the year.



Trading in alternative trading venues (Burgundy, Turquoise and Chi-X, among others) was minor in 2012, totalling only to a few per cents of the trading volume.

Of the indices of sustainable investing, Alma Media is included in the OMX GES Finland Sustainability Index, comprising the 40 leading companies in Finland in terms of sustainability.

## Dividend paid for the financial year 2011

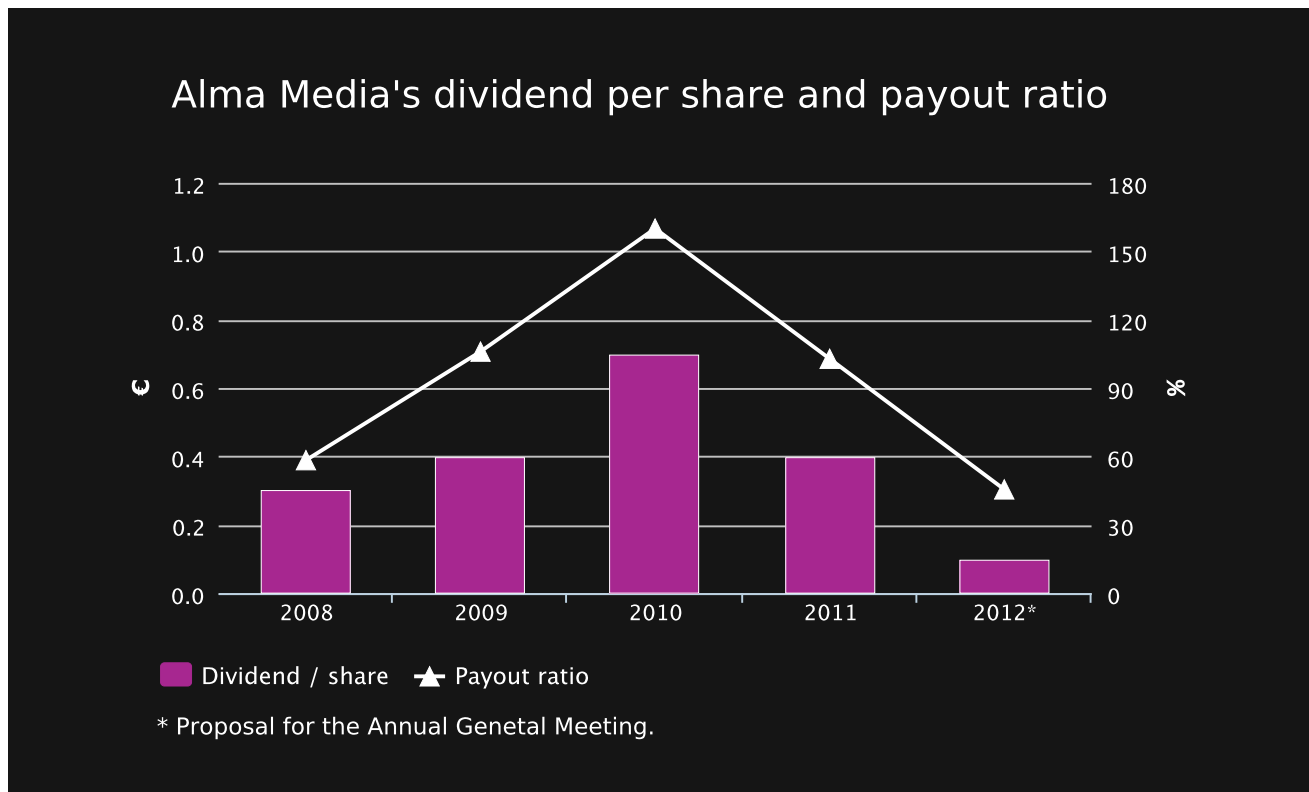
The Annual General Meeting resolved to distribute a dividend of EUR 0.40 per share for the financial year 2011, in total MEUR 30.2 (52.5), in accordance with the proposal of the Board of Directors. The dividend was paid on March 26, 2012 to shareholders who were registered in Alma Media Corporation's shareholder register maintained by Euroclear Finland Oy on the record date, March 19, 2012.

## Dividend proposal for the Annual General Meeting 2012

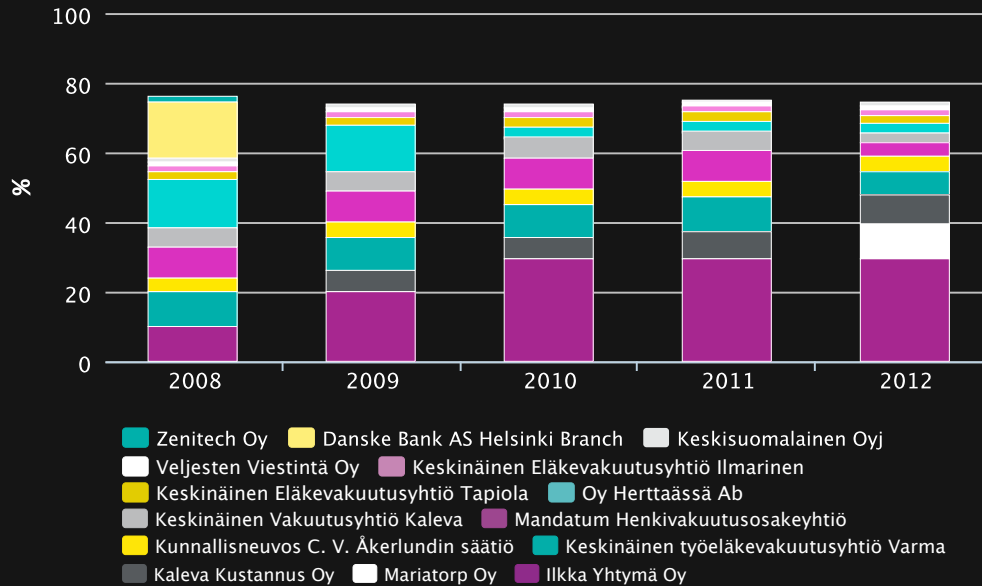
The Board of Directors proposes to the ordinary Annual General Meeting that a dividend of EUR 0.10 (0.40) per share be paid for the financial year 2012. Based on the number of shares on the closing date, December 31, 2012, the dividend distribution would total EUR 7,543,685 (30,194,741).

On December 31, 2012, the Group's parent company had distributable funds totalling EUR 8,014,054 (51,941,032) of which profit for the period amounted to EUR -14.169.546 (+47,486,273). No essential changes in the company's financial standing have taken place after the end of the financial year.

Dividends are paid to shareholders who are entered in Alma Media Corporation's shareholder register maintained by Euroclear Finland Oy no later than the record date, March 19, 2013. The dividend payment date is March 26, 2013.



## Major shareholders and changes in shareholdings



## Key figures for responsibility

### 43 PER CENT

43 per cent of Alma Media employees in management positions were women.

### 8/27

The Council for Mass Media issued 27 decisions concerning Alma Media's media outlets. Of these decisions, eight were condemnatory.

### 1.

Alma Media and Aegis Group plc were the first in the world to study the environmental impact of the entire advertising value chain.

### 30,000

The Responsible Summer Job campaign organised by the Finnish Children and Youth Foundation and Alma Media was expanded to 107 responsible summer employers that provided approximately 30,000 responsible summer jobs in total.

### 5,500 KG

VOC emissions from Alma Media's printing operations were halved to 5,500 kilogrammes thanks to new kinds of chemicals used in the dampening solution.

# Business segments 2012

In 2012, the increased revenue of new digital businesses and good sales growth of digital advertising offset the revenue decline of printed media.

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## Alma Media's business segments

Alma Regional Media and Iltalehti are reported as part of the Newspapers segment. Alma Regional Media includes all regional and local newspapers published by Alma Media. In 2012, this comprised five regional newspapers, 18 local papers and 10 town papers, or altogether 34 Finnish newspapers and their online services. The national daily tabloid Iltalehti and its online media are also part of the Newspapers segment.

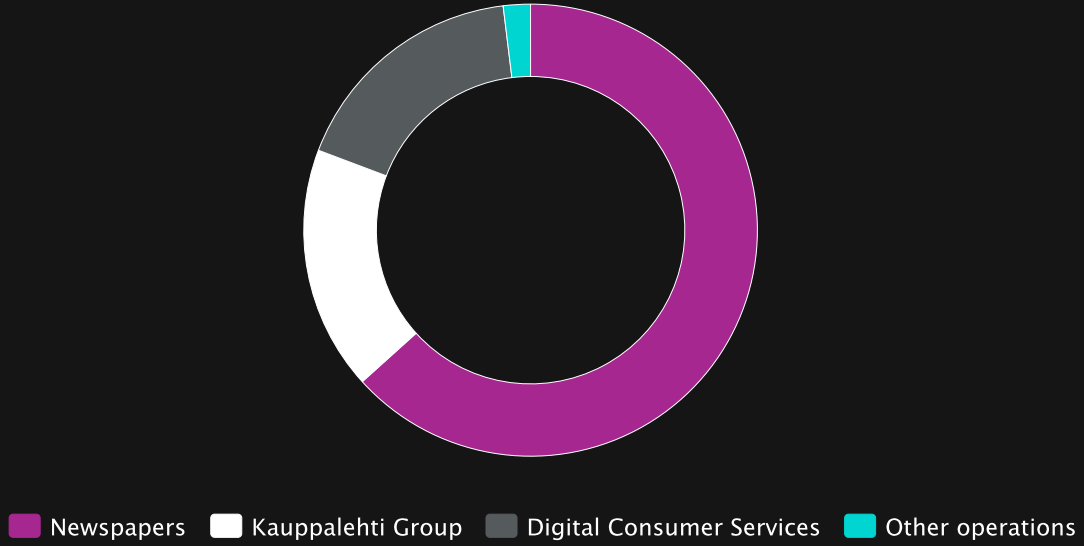
Kauppalehti Group specialises in producing business and financial information as well as in providing marketing solutions in Finland. In addition to the business paper Kauppalehti, the Group includes Kauppalehti Information Services, the custom media and communications house Alma 360 and the news agency and media monitoring unit BNS Group, which operates in the Baltic countries.

Digital Consumer Services includes Marketplaces and Alma Diverso. Marketplaces comprises Alma Media's digital classified advertising services. Classified advertising is focused on three main sectors: housing (Etuovi.com, Vuokraovi.com, City24 and Bovision), recruitment (Monster.fi, CV Online, jobs.cz, prace.cz, topjobs.sk, Profesia.sk, MojPosao.net) and cars and heavy machinery (Autotalli.com, Mascus). Objektvision.se, an online service for advertising business premises that was part of the Marketplaces segment in 2012, was transferred to the Kauppalehti Group in the beginning of 2013.

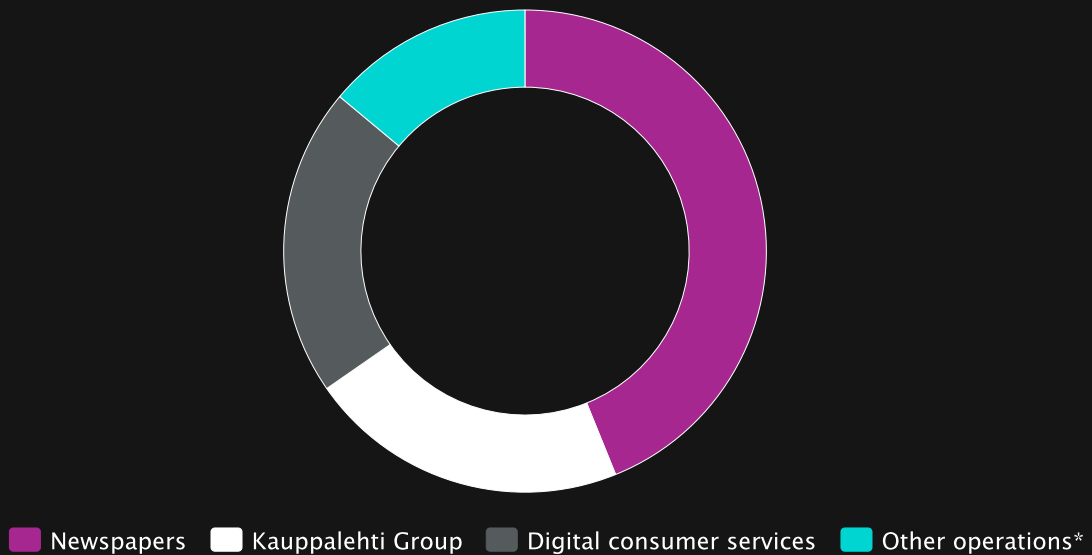
Alma Diverso manages five digital services (Telkku.com, Kotikokki.net, Suomenyrytykset.fi, nytmatkaan.fi and e-kontakti.fi).

The Other operations segment reports on Alma Manu and the operations of the parent company. Alma Manu is responsible for Alma Media's printing and distribution operations. The Group's support functions such as human resources management, financial administration and ICT administration are consolidated in the parent company. The role of the Other operations segment is primarily to support Alma Media's other segments.

## Alma Media's revenue by segment 2012 (M€)



## Employees by segment 2012 \*



\* excluding newspaper deliverers

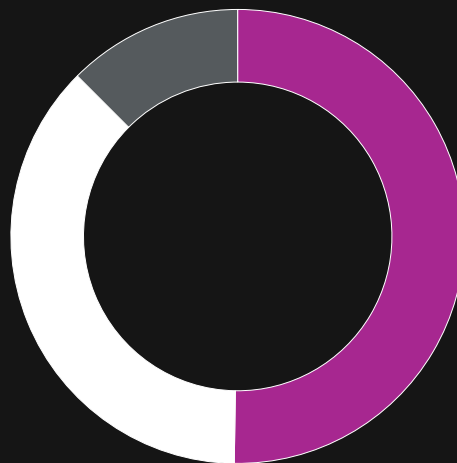
## Online advertising sales increased

Alma Media's primary sources of revenue are:

- the advertising sales of printed newspapers and various online services,
- the circulation sales of printed newspapers and
- content and service sales

In 2012, revenue from advertising sales grew by 3.5%. Advertising sales for printed papers declined by 12.2% but online advertising sales grew by 43.4%. Circulation revenue declined by 4.4%. Contents and service revenue increased by 10.8%.

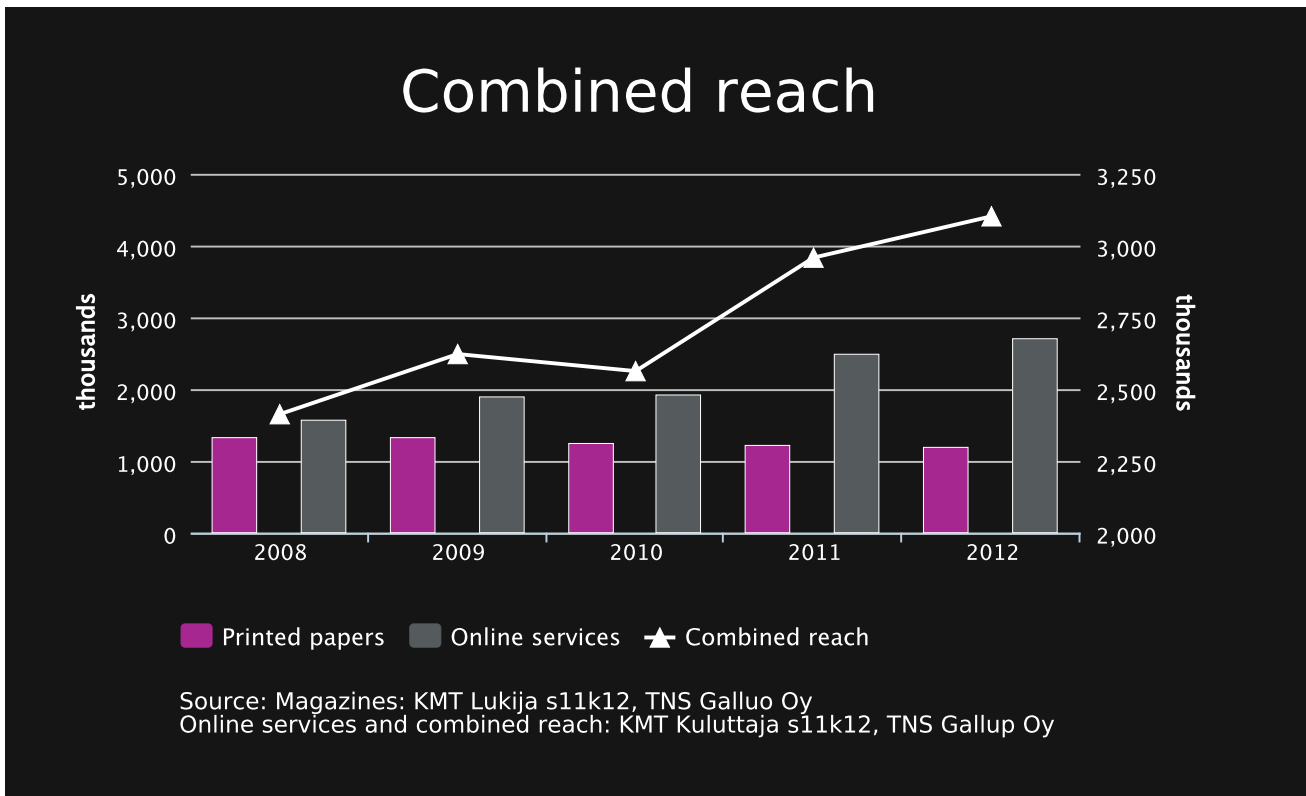
Alma Media's revenue by category 2012 (M€)



■ Advertising sales   ■ Circulation sales   ■ Content and service sales

In publishing, which includes regional, local and city newspapers, the daily tabloid *Ilta-lehti* and the financial media *Kaupalehti* with their respective online services, business is based on a relationship with readers built through good journalistic content. As media develops, the reader relationship becomes a multidimensional customer relationship with a media brand. The strength of this relationship can vary from an occasional website visit to an ongoing newspaper subscription and the use of online services as a paid and registered user.

The reader relationship and the resulting coverage of the desired target audience, in turn, is the foundation of advertising sales. The combined reach of Alma's media brands has increased in recent years as a result of strong growth in website visitors. Media brand reader relationships and strong regional brand awareness also enable the extension of media brands to new areas such as digital services. In 2012, the combined reach of Alma Media's various media grew by 5% compared to the previous year to a total of approximately 3.1 million users.



*\* Including Aamulehti, Satakunnan Kansa, Lapin Kansa, Pohjolan Sanomat, Kainuun Sanomat, Iltalehti ja Kauppalehti. The calculation method of online visitors changed in 2012 and the date from 2005 to 2009 has been adjusted from unique visitors. Additionally, the study has changed.*

The revenue of Alma Media’s digital services (such as Etuovi.com, Autotalli.com, Monster.fi, City24, Mascus, Prace.cz, Telkku.com and e-kontakti.fi) is based on fees charged for classified advertising, display advertising, service sales as well as revenue streams from service content and/or advertising targeted at the users of the service. Service sales grew in 2012 particularly as a result of acquisitions, but also due to the launch of new service products. The customers of digital services include both businesses and consumers.

In the competition for market share, brand appeal is of crucial importance. Alma Media’s digital services are the best-known brands in their segments in Finland, the Baltic States, the Czech Republic, Slovakia and other countries the Group operates in. The popularity of these services among users is based on a high level of usability, unique content and, in many cases, the importance of the social or communal dimension. For an advertiser, this opens up valuable opportunities to specifically target the businesses or consumers in a particular category.



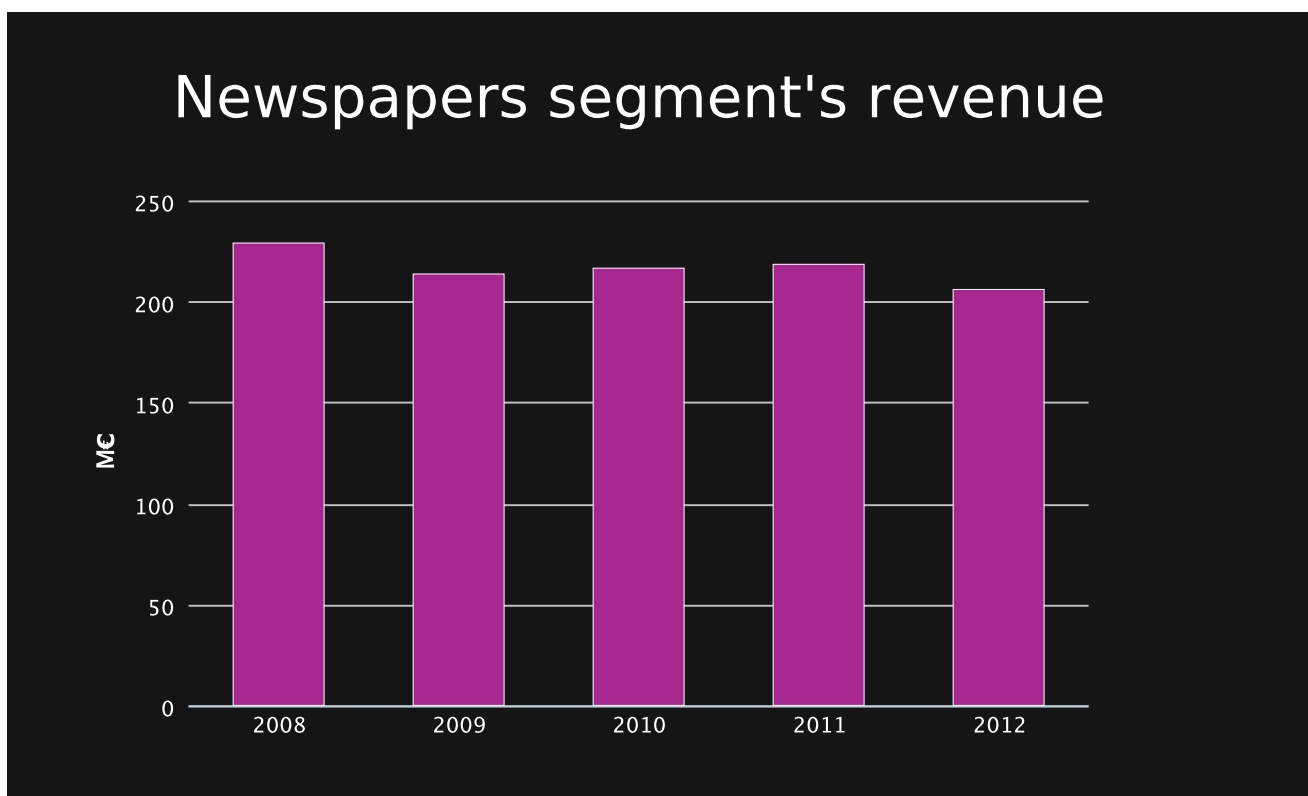
## Newspapers

- At the beginning of the year, Alma Media's regional and local newspapers were combined into a single business unit, Alma Regional Media
- The sales and profitability of regional papers were weakened by sluggish advertising sales as well as the imposition of value added tax on newspaper subscriptions at the start of the year
- Italehti renewed its products and services in a number of ways and achieved strong media sales, particularly online

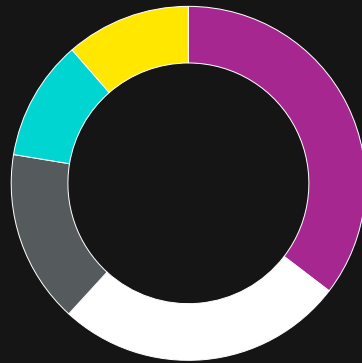
### Financial performance 2012

The Newspapers segment's revenue decreased to MEUR 206.6 (218.3). Advertising sales were MEUR 98.0 (104.4), down 6.1% (up 1.7%). Advertising sales in print media decreased by 8.3% (increased by 0.3%). The segment's online advertising sales increased by 14.9%, totalling MEUR 11.3 (9.8). Circulation revenue in January–December was down 4.6%, totalling MEUR 104.8 (109.9). Online business accounted for 5.6% (4.6%) of the segment's revenue.

The segment's operating profit excluding non-recurring items was MEUR 25.6 (30.7) and operating profit MEUR 22.1 (29.7). Operating profit excluding non-recurring items declined due to the decreases in circulation revenue and print media advertising sales.

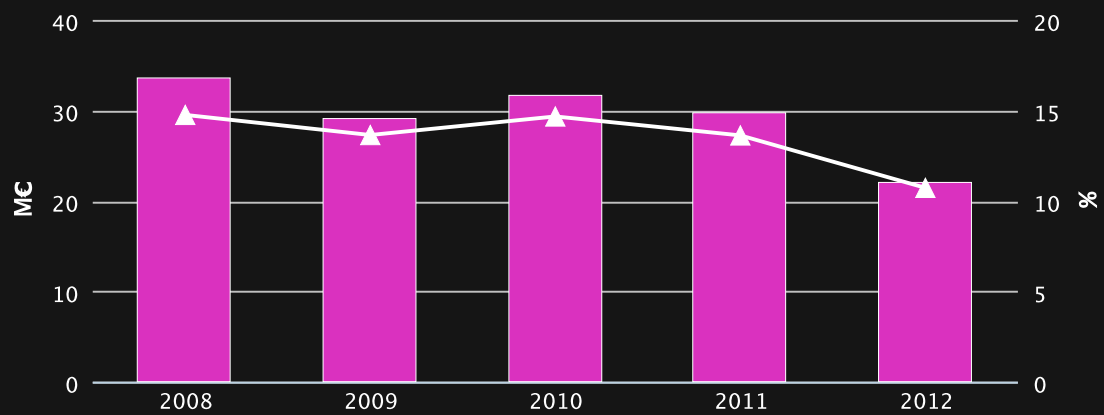


## Division of Newspapers segment's revenue by business unit 2012



■ Aamulehti  
 ■ Ilta-lehti  
 ■ Pohjois-Suomen Media  
 ■ Satakunnan Kansa  
■ Suomen Paikallissanomat

## Newspapers segment's operating profit



■ Operating profit  
 ▲ % of revenue

## Regional media: consolidation while maintaining a focus on locality

The structural reforms implemented by Alma Regional Media in 2012 were aimed at increasing cooperation while eliminating duplications of effort. The most significant operational change was the partial consolidation of content production, which began in the spring after the new business unit was formed. The majority of the jointly produced content is created by joint editorial teams working together virtually. Joint editorial teams for sports, culture and weekend content began operations in 2012. The cooperation between regional editorial units has been strengthened by the formation of joint editorial teams. As a result of the reorganisation and renewal of the operating model, Alma Regional Media's total employee hours were reduced by 105 man-years.

” Alma Regional Media's comprehensive renewal and new operating model are unique in Finland.

Despite the extensive renewal processes, locality remains a key strength of Alma Regional Media's newspapers. This means that local editorial teams will continue to play an important role, and even after the changes the majority of the newspapers' content will consist of local and locally produced quality content. The purpose of the joint editorial teams is to share resources more effectively and to provide quality content for regional newspapers on national and international topics that concern all readers.

The commercial operations of local and regional newspapers were also made more consistent, with circulation sales, media sales, customer service, advertising production and marketing communications combined to form new units that serve all of the newspapers. The format of printed newspapers saw a further step towards a consistent model with Satakunnan Kansa implementing the tabloid format in January, following the lead of Alma Media's regional newspapers in northern Finland. Aamulehti is considering a move to the tabloid format at a later date.

## Cooperation with other media companies

Alma Regional Media's new operating model has also attracted interest outside the company. An agreement on content and development cooperation was signed with the Ilkka and Pohjalainen newspapers in December. Launched in early 2013, the co-operation is aimed at improving the newspapers' journalistic quality, boosting operational efficiency, expediting development measures and increasing editorial reciprocity.

The cooperation began with international news and there are plans to extend it to a national Helsinki-based editorial desk, weekend pages as well as culture, sports and online journalism. The parties have also agreed on extensive cooperation on training and development, covering the product development of both printed newspapers and online services. The cooperation will be implemented to its full extent in 2014.

There have also been discussions with other media companies on increasing cooperation. There is potential for future cooperation with newspapers published by Keskipohjanmaan Kirjapaino, Kaleva and TS Group.

The content and development cooperation agreements do not involve changes in ownership.

## Italehti continued on the multimedia path

Italehti had a strong focus on product and service development throughout 2012, with a number of special publications published in both the digital and printed formats. This was supported by a significant background move involving the renewal of content and technology for mobile services, particularly targeting smartphones. Originally launched in 2007, IL-TV was made available on all terminal devices in December. Readers may also purchase or subscribe to Italehti's digital edition, either as a single issue or a long-term subscription. In 2012, nearly 20% of Italehti's revenue came from digital media, with digital services representing over half of total advertising sales.

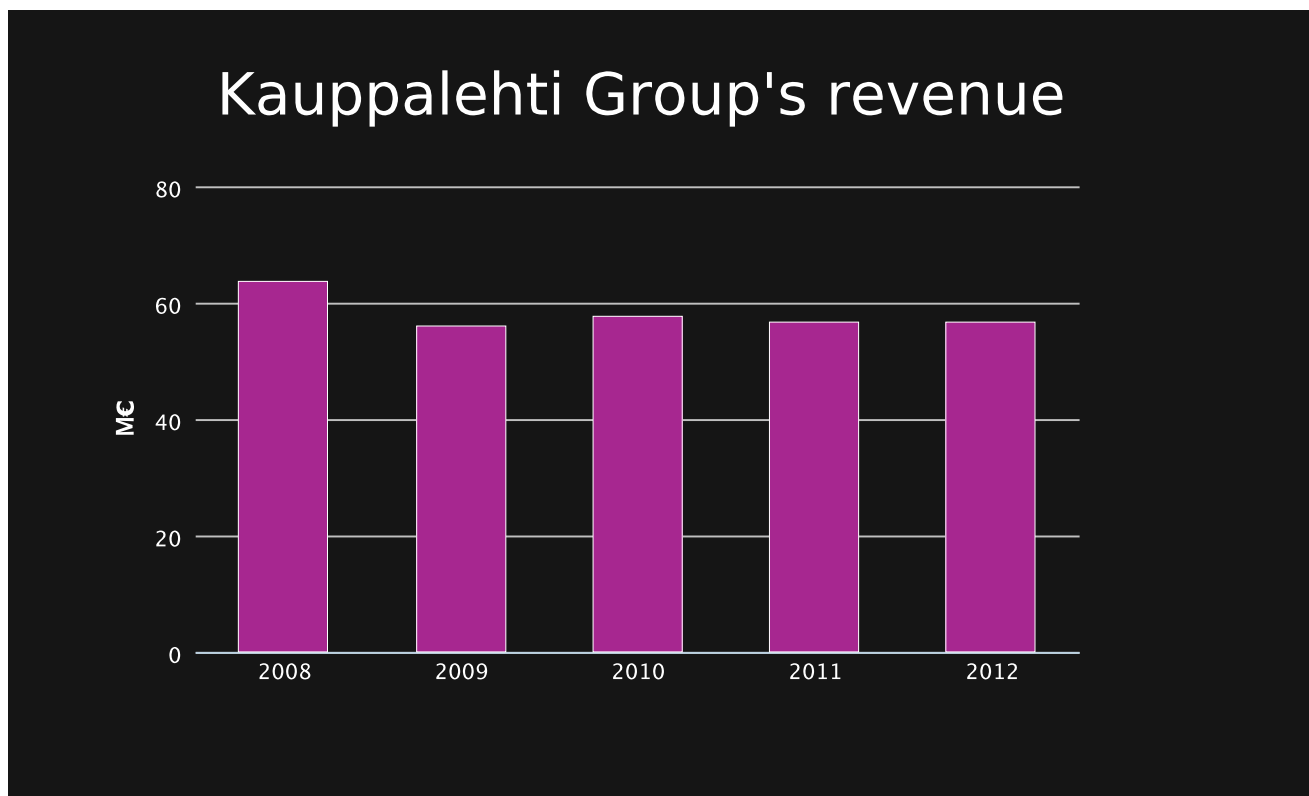
## Kauppalehti Group

- Kauppalehti took deliberate steps on the path to multimedia
- In 2012, Kauppalehti made a leap towards an increasingly extensive offering of digital media and information services
- The comprehensive renewal of the subscription model and content was the first step in the Finnish media field towards paid digital media content
- The Group's information service business grew both organically and through acquisitions

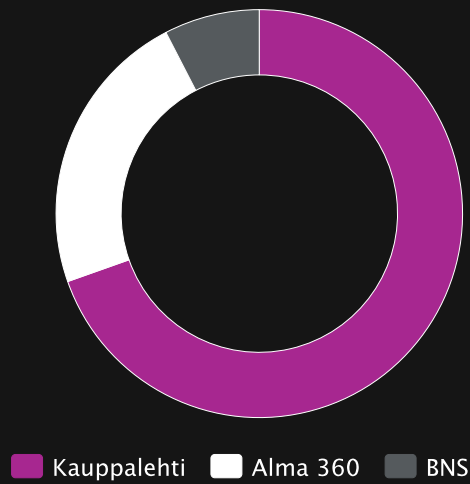
### Financial performance 2012

The revenue for the full year 2012 of the Kauppalehti Group was MEUR 56.9 (56.7). The revenue increased by 0.4% (decreased by 2.1%). Online business accounted for 26.3% (24.9%) of the segment's total revenue. Advertising sales were down 10.9% (down 3.2%) and were MEUR 15.2 (17.1). Online advertising sales increased by 0.9% (decreased by 2.3%) from the comparison period. The segment's circulation revenue declined by 2.7% to MEUR 14.6 (15.0). Content and service revenue grew by 10.2% to MEUR 27.1 (24.6).

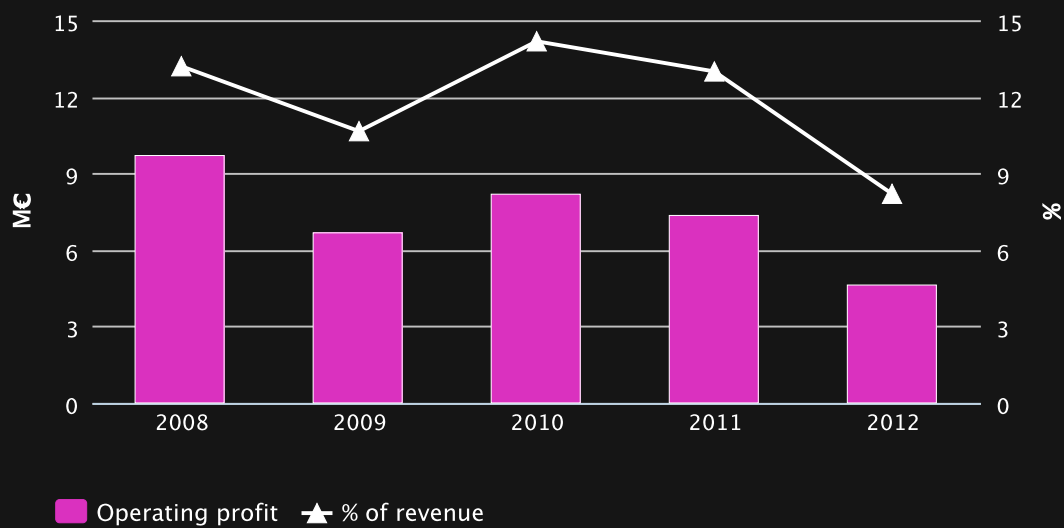
The operating profit of the Kauppalehti Group excluding non-recurring items was MEUR 5.7 (7.4) and operating profit MEUR 4.7 (7.4). The operating profit excluding non-recurring items was 10.1% (13.0%) of revenue.



## Division of Kauppalehti Group's revenue by business unit 2012



## Kauppalehti Group's operating profit



## Pioneering paid digital content and adding more mobile content

In May, Kauppalehti launched a new subscription model restricting visitors' free access to online content to 25 news items per month. With a focus on customer relationships, Kauppalehti's new approach makes it a forerunner in the Finnish market. The change was well received by customers, with the website's visitor numbers remaining largely unchanged after the soft paywall was implemented.

As the use of smartphones becomes increasingly widespread, Kauppalehti has also targeted touch screen phones with a broader range of services. In June, Kauppalehti launched a new application that makes the mobile use of its website smoother and easier. The new website was one of the first HTML5-based mobile applications in the Finnish market. It allows users to conveniently read the news on any touch screen smartphone regardless of the manufacturer or operating system. In the beginning of 2013, Kauppalehti Group also launched an application designed specifically for the Windows operating system, including the daily newspaper, online news content and the most important news from the stock exchange.

## Content differentiation and more subscription options for customers

The contents of Kauppalehti's print and digital channels were differentiated from each other in conjunction with the renewal of the subscription model. Online readers are offered a daily news stream, while the content of the daily newspaper is focused more on the editorial team's articles, commenting on the day's most important news items and providing background information on the news. The approach of the printed news is now more analytical and forward-looking.

With the implementation of the content renewal, customers now have a broader range of subscription options available to them. Kauppalehti now offers digital-version-only subscriptions.

”Kauppalehti customers now have even more opportunities to enjoy quality business journalism regardless of the time, place and terminal device used,” says Kauppalehti's new Editor-in-Chief Arno Aho, who took his post at the beginning of 2013.

## Strong growth for Alma360 and Kauppalehti Information Services

Approximately 26% of Kauppalehti Group's revenue in 2012 was derived from online services. The majority of this came from information services for professional use, a unit which was named Kauppalehti Information Services in November. The information services business grew during the year both organically and through acquisitions. Balance Consulting, a part of Kauppalehti Information Services, saw particularly strong growth as a result of the popularity of its Achiever certificates targeted at enterprises. In October, Alma Media acquired a 20% stake in JM Tieto Oy and began a partnership with the company focused on information and multi-channel marketing services. JM Tieto's special expertise lies in building marketing and sales concepts for corporate customers as well as in customer acquisition and customer relationship management technologies. In November, Alma Media acquired a 20% share in Locatia Oy, a start-up specialising in purchasing and procurement services.

Likewise, Alma360, a corporate communications service provider that is part of Kauppalehti Group, is also focusing increasingly on digital communications services. The unit won several contracts during the year and expanded its customer base, gaining customers such as SEFE - The Finnish Association of Business School Graduates and Saarioinen.

In the beginning of 2013, the Sweden-based business premises marketplace Objektvision.se was transferred to Kauppalehti Group in an internal restructuring move. This was a natural step as, like Kauppalehti, Objektvision primarily serves corporate customers. Going forward, Kauppalehti Business Premises will provide a marketplace for business premises in both Finland and Sweden.

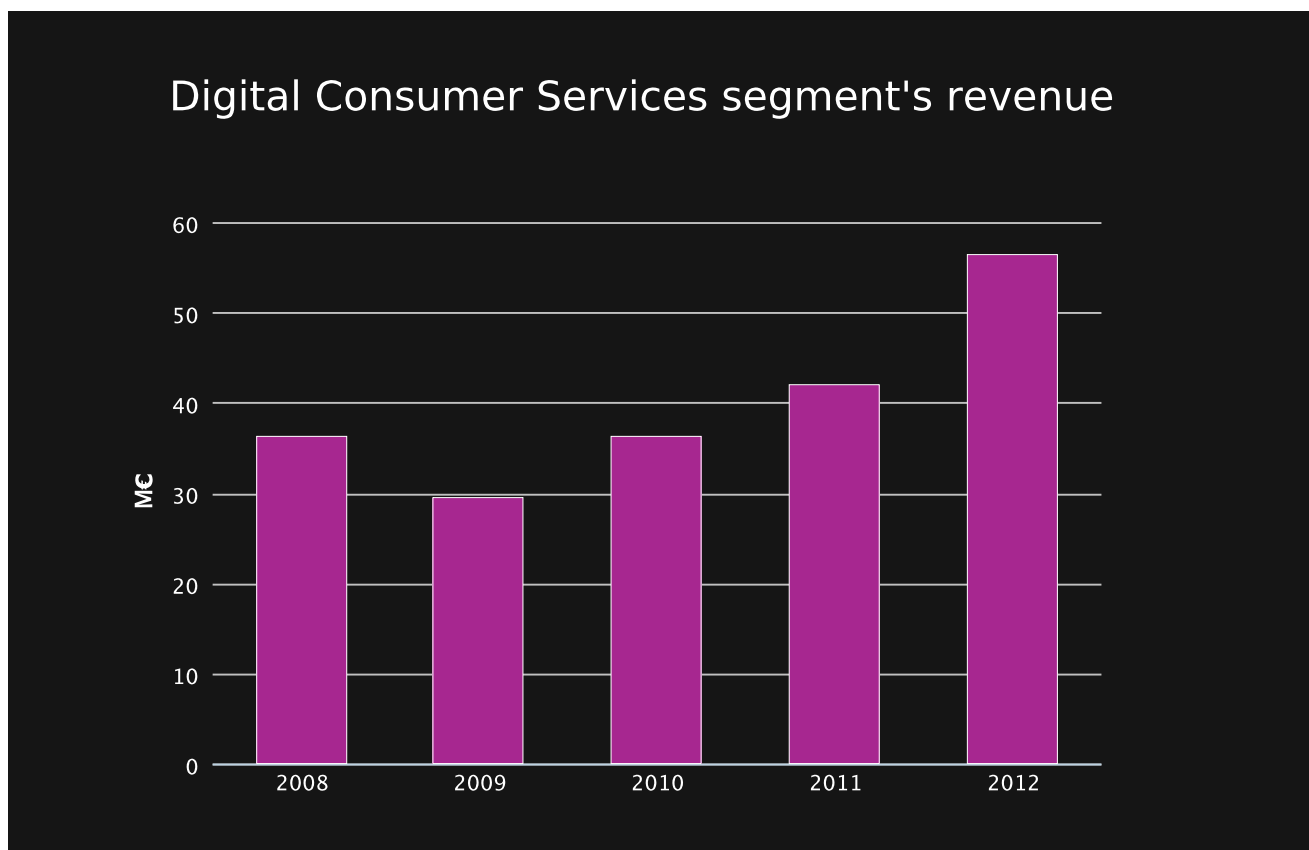
## Digital Consumer Services

- Acquisitions in 2012 made a significant contribution to the company's strategy of digital growth
- Marketplaces grew and became increasingly international through acquisitions of recruitment services in Eastern Central Europe
- Another move towards the same strategic objective was the establishment of the development and service unit Alma Diverso

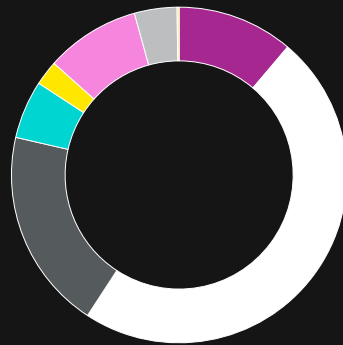
### Financial performance 2012

In the full year 2012, the revenue of the Digital Consumer Services segment was MEUR 56.5 (42.1), up 34.2% (15.8%). Revenue from businesses acquired in 2012 was MEUR 20.8. The segment's advertising sales totalled MEUR 49.2 (36.4).

The operating profit for the Digital Consumer Services segment excluding non-recurring items increased by 17.5% to MEUR 7.4 (6.3). The operating profit was MEUR 4.9 (6.4). The operating profit from businesses acquired in 2012 was MEUR 2.9. The non-recurring expenses in the amount of MEUR 2.5 were due to reorganisation measures and impairment losses for capitalised R&D costs. The non-recurring income during the comparison period, MEUR 0.2, was due to corporate restructuring. The segment's operating profit excluding non-recurring items grew, thanks to the businesses acquired.



### Division of Digital Consumer Services segment's revenue by business unit 2012



■ Alma Diverso   
 ■ Recruitment   
 ■ Etuovi   
 ■ Autotalli   
 ■ City24   
 ■ Mascus  
■ Bovision and Objektvision   
■ Other

### Digital Consumer Services segment's operating profit





## A year of international growth

The Marketplaces business unit, which is reported under the Digital Consumer Services segment, is at the heart of Alma Media's digital growth strategy. A total of 9 acquisitions were concluded in 2012 in order to grow the unit's business, particularly in Eastern Central Europe. The majority of the acquisitions involved electronic recruitment services, which is now the Marketplaces unit's largest sector of classified advertising by a notable margin. Over the past year, Alma Media has achieved market leadership in electronic recruitment services in Finland (Monster), the Czech Republic (LMC), Latvia and Lithuania (CV Online), Slovakia (Profesia) and Croatia (Tau-online). CV Online is also tied for first place in the Estonian market. Recent acquisitions have also given the company a foothold in the growing markets of Hungary, Serbia and Bosnia-Herzegovina.

Recruitment portals benefit from each other through the sharing of technology, expertise and services. The roles of product and service development can be shared between different countries of operation. The knowhow brought to Alma Media by the personnel of the newly acquired companies is beneficial to the entire network.

” The acquisitions saw Marketplaces increase its revenue outside the Finnish market to just over 50%. Also services to consumers were expanded.

In addition to recruitment portals, the acquisitions also saw Alma Media purchase Autovia, the second-largest used car marketplace in Slovakia, as well as a 25% stake in Infostud, which operates a used car marketplace in Serbia.

Mascus, Alma Media's international marketplace for heavy machinery, also grew through acquisitions in 2012. In June, Alma Media purchased a majority stake in its US-based licensing partner Adalia Media Inc. The transaction solidified the position held by Mascus in the United States, the world's largest market for used heavy machinery. Mascus also grew in Finland through an acquisition of Suomen Hankintakeskus Oy and its online group-buying service for businesses.

The acquisitions saw Marketplaces increase its revenue outside the Finnish market to just over 50% (compared to approximately 15% in 2011). The number of personnel doubled from 180 to nearly 360 employees, of whom some 70% are based outside Finland in a total of 12 different countries.

## Consumer services expanded

Etuovi.com refocused its strategy in response to changes in the competitive landscape in 2012. One of the strategic changes saw Etuovi.com expand its customer base to consumers. Advertising by consumers got off to an excellent start, as Etuovi.com achieved Finnish market leadership in online advertising by consumers at the turn of the year 2012/2013.

Of the Marketplaces services, autotali.com and myyjaosta.com were already open to advertising by consumers even before the strategic changes.

## Alma Diverso improves the entire Group's capacity for digital business operations

Tasked with strengthening Alma Media's digital expertise and resources, the digital service and development unit Alma Diverso began operations at the start of 2012. The unit is responsible for five digital services targeted at the consumer market, three of which are Finnish market leaders in their respective categories (Telkku.com, Kotikokki.net and e-kontakti.fi). The unit's operations also support the digital growth strategy of Alma Media Group as a whole through the provision of services for managing visitor traffic, web analytics, online advertising and the maintenance and development of technology platforms. Over the past year, the unit focused particularly on online advertising and the development of various network products. Autumn 2012 saw the launch of the unit's first network product for online advertising, offering advertisers digital advertising space across the full range of Alma's services.

Alma Diverso also introduced new products for consumer customers. In November, Finland's most popular television listings portal Telkku.com launched Nauhuri, a recording service that allows users to record TV programmes on 13 different channels. In August, Alma Diverso's service portfolio was expanded to include Finland's largest paid online dating service e-kontakti.fi, which uses a business model based on membership fees. The online dating service Neffit.fi was discontinued in conjunction with the acquisition.

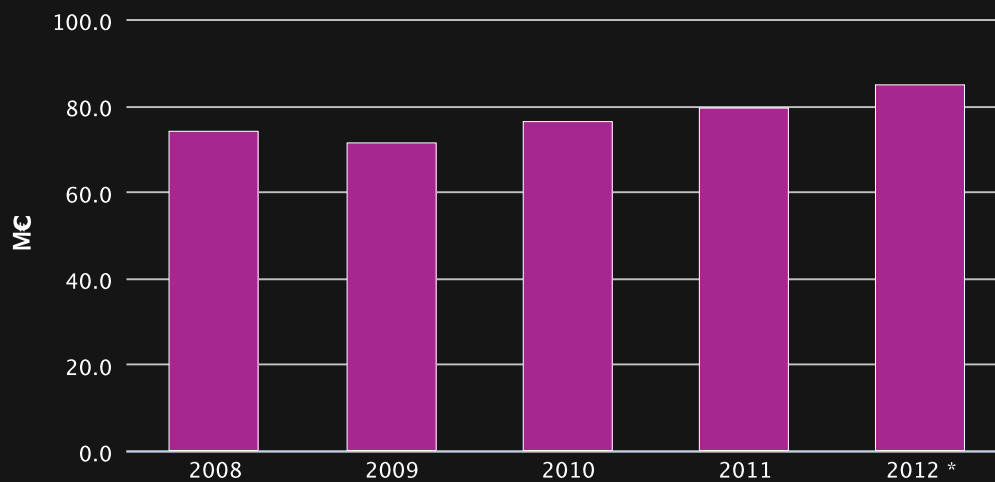
## Other operations

- One of the most significant events in 2012 included an investment in a printing facility in Tampere
- Piloting new business opportunities in distribution operations
- Consolidation of support functions into the parent company continued

### Financial performance 2012

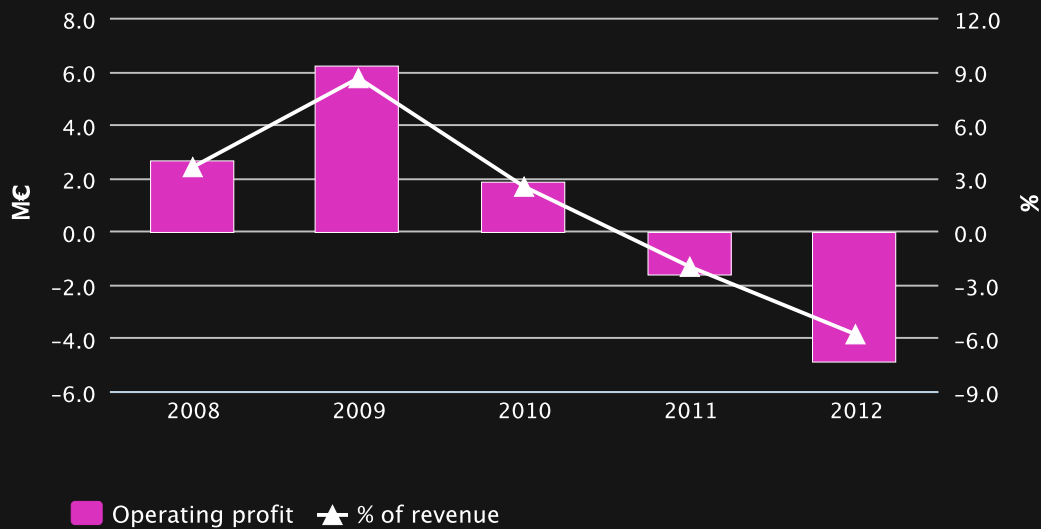
The revenue of the Other operations segment in 2012 was MEUR 84.8, of which MEUR 6.3 was generated by sales to customers outside Alma Media Group.

## Other operations segment's revenue



\* Share of external revenue was 7,4% in 2012.

## Other operations segment's operating profit



## Investment in new printing facility in Tampere opens up new business opportunities

The investment in the new printing facility in Tampere progressed rapidly in 2012. While the construction of the new printing facility had begun in autumn 2010, the printing machine and other equipment were delivered in 2012. The printing machine was supplied by manroland web systems GmbH and the mailing equipment by Ferag AG. The actual test runs of the equipment and the gradual transfer of production to the new printing facility takes place in the first quarter of 2013.

The total value of the investment in the new printing facility in Tampere is approximately 70 million euros, of which building facilities represents some 24 million. Of the investment, 24 million euros was invested in 2012 and 46 million will be invested in 2013.

The new production facility will boost the efficiency of operations and produce improved quality. The new machinery will allow the printing of three newspapers simultaneously, compared to only two before. Through improved efficiency and speed, the investment will also increase printing capacity. It will also offer other benefits, such as the ability to use a broader range of materials. These features will provide greater opportunities for increasing the external revenue of printing operations. The new printing facility will also be more environmentally friendly, and Alma Media will seek LEED environmental certification for the building.

” The new production facility will boost the efficiency of operations and produce improved quality.

An example of increasing printing operations for external customers is the letter of intent on printing cooperation concluded with Hämeen Sanomat in September. The printing of Hämeen Sanomat is tentatively scheduled to be transferred to Alma Manu in the beginning of 2014.

Alma Manu's printing facility in Pori was closed down in January 2012. The printing of certain newspapers, such as Satakunnan Kansa, was transferred to Tampere. The closure of the facility saw six of the 23 full-time employees of the printing press in Pori transferred to Tampere.

In 2012, Alma Manu's printing presses in Tampere and Rovaniemi used some 26,400 tonnes of newsprint (2011: 30,000 tonnes).

## **New operating models tested in distribution**

Starting in October 2012, Alma Manu piloted the morning delivery of magazines in Nokia. The positive early experiences led to the pilot being extended and deepened later in the year. Electronic distribution tools provide opportunities for various targeted deliveries. The distribution function made postal deliveries, classified according to region or recipient, on a weekly basis in 2012.

Over the course of the year, Alma Media assumed greater control of the distribution network for its newspapers. In Lapland, the distribution of Lapin Kansa and Koillis-Lappi newspapers was transferred to Alma Manu in January 2012. In Pirkanmaa and Satakunta regions, the efficiency of distribution operations was improved in response to a decline in distribution volume. This resulted in cutbacks in distribution operations corresponding to approximately 25 man-years.

## **Continued consolidation of support functions**

The consolidation of Alma Media Group's support functions, which began in 2011, was continued in 2012. The consolidation of support functions such as ICT administration, financial administration and human resources management at the parent company level is part of a Group-wide organisational renewal project to ensure the efficiency of Group services and their ability to serve the Group's business functions in a changing operating environment.

As part of the streamlining of the Group's administration, Alma Media implemented a project in 2012 to simplify the Group's legal structure by reducing the number of subsidiaries through internal mergers. The changes resulted in improved administrative clarity and cost savings. The savings arise from reduced intra-Group billing, decreased use of external expert services and lower tax expenses. The efficiency of operations and decision-making was also improved by the reduction of administrative boundaries.

Several information system development projects were launched in 2012 in response to the development needs of financial administration, customer relationship management and digital business operations.

# Sustainable Media 2012

Responsible operation and profitability are not conflicting goals. On the contrary, they are preconditions for each other: economically sustainable media needs to also be socially and ecologically sustainable, and vice versa.

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Changes in media consumption and consumer behaviour create a need for renewal in the media sector. Alma Media's response to these challenges is sustainable media that cultivates traditional journalistic values while integrating broader corporate responsibility in all operations.

Over the past few years, Alma Media has made considerable efforts to develop the sustainable media perspective, both in its own operations and by introducing the theme in public discussion. Alma Media's activity in this field places the Group in a strong position as a forerunner in corporate responsibility in the Nordic media industry.

## Goals and achievements in 2012

The focal points of Sustainable Media in 2012 were:

- environmental issues,
- developing partnerships and
- increasing internal awareness in the media company.

January 2012 saw the publication of a unique environmental study commissioned by Alma Media from VTT Technical Research Centre and the Swedish Centre for Sustainable Communications. The study was the first to offer valuable comparative information on the environmental impacts of print and online media. The study attracted a great deal of interest in Finland and abroad. In 2012, Alma Media communicated the results of the study in a variety of Finnish and international conferences. The study has provided a solid factual foundation for taking environmental issues into account in Alma Media's new office building in Helsinki's Töölönlahti district as well as the Group's new printing facility in Tampere.

Another focal point was the formation of new strategic partnerships, for example in relation to responsible advertising and in the context of the Nordic Media CR Forum.

A third key activity was the Group's internal Sustainable Media corporate responsibility tour, which visited four of Alma Media's cities of operation in 2012 to communicate Sustainable Media themes to employees.

The Sustainable Media programme is implemented in Alma Media's way of working and through the choices employees make on a daily basis. Alma Media's corporate responsibility objectives are thus implemented by every employee, function and business unit in their daily operations and the communication of specific corporate responsibility goals is not always possible or even meaningful. Nevertheless, Alma Media has set certain specific corporate responsibility objectives to support responsible actions in daily work. In addition to the objectives described below, goals related to corporate responsibility are also described in the sections on the environment and employees.

	Objectives 2010–2012	Implementation in 2012	Description of activities in 2012	Objectives 2013–2015
<b>Management and coordination of corporate responsibility</b>	Establishing an active corporate responsibility network	★★★	The corporate responsibility network has continued its operations and the number of members has grown. Cooperation has resulted in new projects.	Parallel to the corporate responsibility network, the company ran Sustainable Media workshops on different themes, open to all Alma Media employees, with the aim of developing competence and business operations
	Alma Media Code of Conduct	★★★	Communications on the Code of Conduct in various business units as part of the Sustainable Media tour; included in induction training for new employees	Developing responsible supply chain management
	Joining the UN Global Compact initiative	★★★	Communications on the initiative in various business units as part of the Sustainable Media tour; included in induction training for new employees	
	Sustainable development as part of risk management	★★	Integrated into risk management for some business units; Alma's score in the CDP climate change initiative rose to 79 points (2011: 78 points).	Improved integration of corporate responsibility into risk management; rising from second place to top position among Nordic media companies in the CDP report
	Improving awareness of corporate responsibility internally	★★	The Sustainable Media programme was introduced to employees on the Sustainable Media tour in four different cities.	Developing internal corporate responsibility communications; launching Sustainable Media theme workshops.
<b>Stakeholder interaction</b>	Ratkaisun paikka fair	★★★	Implemented in 2011.	Developing the Sustainable Media perspective of Alma Media's business strategy and launching the first solutions Active media partnership at the Ratkaisun paikka 2013 fair
	Corporate responsibility campaign	★★★	For the second time, Alma was the main partner in the development of the Responsible Summer Job 2012 campaign by the Finnish Children and Youth Foundation, with the campaign's reach and awareness of the campaign substantially improved from the previous year.	Active involvement as main partner in the Responsible Summer Job 2013 campaign and its development
	Nordic Media CR Forum	★★★	The operations of the corporate responsibility network of Nordic media companies have become well established.	Organising a forum meeting in Helsinki, network cooperation with British and French media forums.
				Active participation in the City of Helsinki Climate Partnership Network, which Alma Media joined in 2012
				Developing opportunities for volunteer work for Alma Media employees
<b>Responsible journalism</b>	Updating the ethical principles of editorial offices and increasing transparency	★★	The process is still in progress, but the project has been extended in partnership with the British Media CSR Forum Brainprint project.	Continuing dialogue on brainprint and the Brainprint project through Alma Media's various media.
	Responsibility as part of Alma Media's Media Academy	★★★	Implemented in 2011.	Organising a workshop on responsible journalism.

	Objectives 2010–2012	Implementation in 2012	Description of activities in 2012	Objectives 2013–2015
<b>Responsible advertising and marketing</b>				Analysing the environmental impacts of the full advertising lifecycle and communicating the findings to cooperation partners  Initiating dialogue on sustainable advertising and marketing
<b>Environmental responsibility</b>	Research collaboration with VTT Technical Research Centre in Finland and KTH Royal Institute of Technology in Sweden	★★★	Results of the study published in January 2011 and subsequently communicated broadly in various events and through various channels in Finland as well as elsewhere in Europe.	Continuing broad-based communication of the study and planning potential follow-up projects
	Environmental fact campaign	★★★	Fact campaign on the results of the environmental study carried out in spring-summer 2012.	
	Environmental matters in the working environment	★★	Individual projects in Alma Media's various units	Environmental matters in Alma Media's new office building in Töölönlahti
	Setting quantitative environmental targets	★★	New targets have been set, particularly for CO <sub>2</sub> emissions. More targets will be set as current property projects progress.	More detailed environmental targets will be set as new facilities are commissioned.
<b>Developing corporate responsibility reporting</b>	Integrating corporate responsibility into the annual report	★★	A review integrating corporate responsibility into traditional annual reporting published in March 2011. Integrated reporting is still a work in progress at Alma Media and in the corporate world in general.	Monitoring the development of reporting and revising company processes accordingly
	Improving data collection on environmental and human resource matters	★★	For environmental data, waste and water consumption reporting for the entire Group is not yet available. Supply chain reporting is under development.	Improving data collection in environmental and purchasing-related matters.

## Employees

Best of 2012:

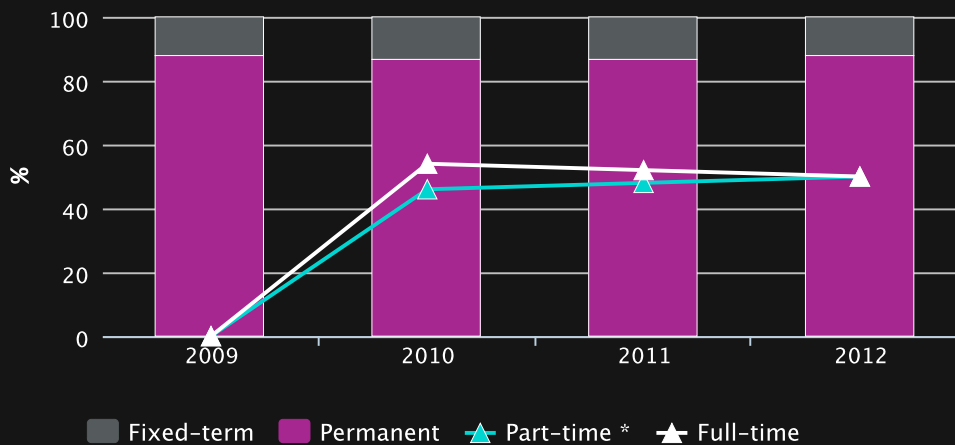
- Improved conditions for cooperation and the sharing of know-how:
  - Alma Media employees in Helsinki now under one roof in Töölönlahti
  - Regional newspapers reorganised into Alma Regional Media
- Employee well-being and participation as a starting point in the design of the office building in Töölönlahti
- Employees familiarised with corporate responsibility on the Sustainable Media tour
- Training, organisational renewal and acquisitions in response to the changing competence needs brought about by the digital age
- Increasing employee diversity in Alma Manu and as a result of international acquisitions

At the end of 2012, Alma Media employees in Helsinki moved under one roof for the first time as the Group's new office building was completed in Töölönlahti. Employees were actively involved in the design of the building from the start: in addition to participating in unit-specific working groups, employees had the opportunity to influence their new working environment through an idea team, the Helmi system for employee suggestions and initiatives, pilot projects and voting on various issues. The shared office building will contribute to progress on a variety of matters that are central to the development of corporate responsibility and operations, such as the sharing of know-how, employee well-being and cooperation across organisational boundaries.

Targeted at employees, the Sustainable Media corporate responsibility tour introduced themes related to responsibility to Alma Media employees in Helsinki, Tampere, Pori and Rovaniemi. The special themes of the tour were the Group-wide Code of Conduct, the environmental study examining print and online media and the Responsible Summer Job 2012 campaign that Alma Media organised in partnership with the Finnish Children and Youth Foundation

International acquisitions, organisational restructuring and recruitment for digital business operations brought new competence to Alma Media and improved the Group’s capacity for sharing know-how. The proportion of Alma Media employees working on digital services and the share of employees stationed outside Finland both increased considerably in 2012. At the end of 2012, Alma Media employed a total of 2,851 employees in nearly 50 locations in Finland and in eight other European countries.

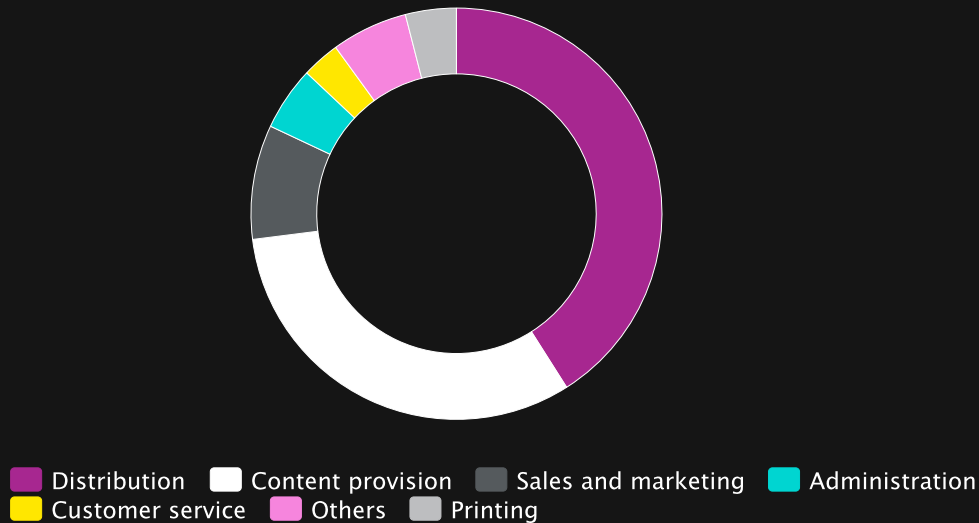
## Employees by contract type



\* Large proportion of employees represented by newspaper deliverers explains the high share of part-timers.



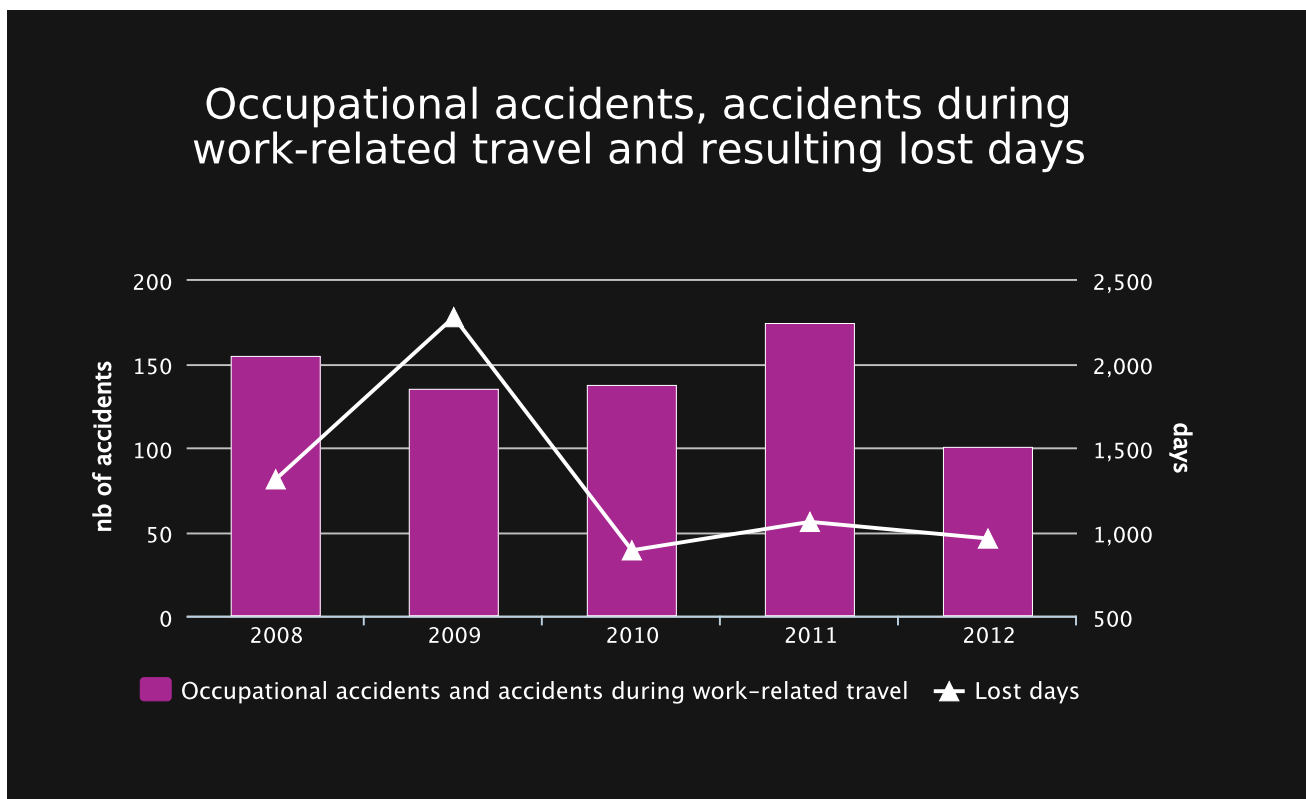
## Employees by function 2012



## Occupational health and safety

Alma Media paid particular attention to occupational health in the design of its new office building in Töölönlahti. The many health-related aspects of the working environment that were taken into consideration include indoor air quality, ergonomic workstations and lighting. Employees are encouraged to stay physically active by the provision of loan bicycles, and the menu of the office building's cafeteria promotes healthy eating. Occupational health was also a prominent element at other Alma Media offices in 2012. For example, Alma Manu developed a senior employees programme to be implemented starting in 2013. The programme is aimed at improving the occupational health of long-term employees and extending their careers.

The number of occupational accidents declined in 2012. The majority of occupational accidents and accidents during work-related travel at Alma Media occur in distribution operations, as they are affected by weather conditions. Training for delivery personnel in 2012 focused on the theme of occupational safety, such as appropriate clothing and anti-slip solutions. The occupational safety of delivery personnel will be a key focal point of distribution operations in the future. A two-year plan for safety improvement will be drafted in early 2013. The goal is to halve the number of accidents in distribution and delivery operations over the two years while creating a foundation for continued development work. Occupational safety and employee well-being have been given a great deal of consideration in the design of Alma Media's new printing facility in Tampere, which will begin operations in 2013. The aim is to minimise accidents during printing and distribution.



## Developing competence

The digitalisation of the media field brings with it new competence needs and highlights the importance of continuously developing employee expertise. Alma Media has improved its capacity for the sharing of know-how through training as well as by carrying out extensive organisational restructuring. In the new organisation, collaboration across former organisational boundaries is seen as a starting point. The Group has also added new competence through international acquisitions, including many in the field of digital recruitment services, and through recruiting new employees for the Alma Diverso business unit focused on digital development. The shared workspace in Töölönlahti provides a natural setting for bringing different skills together and enabling effective teamwork.

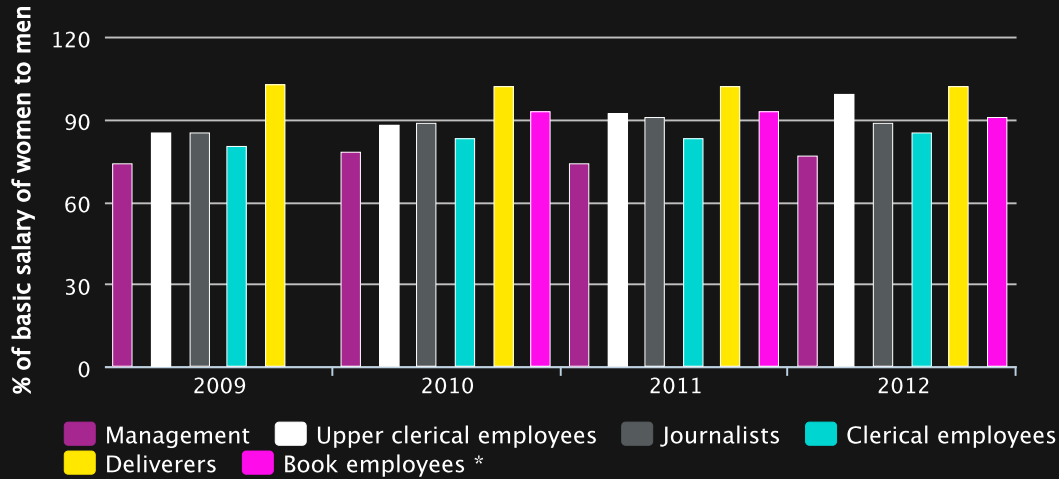
The Joker development programme launched in 2011, aimed at coaching selected employees for more demanding positions and taking advantage of their expertise in various business development undertakings, produced its first completed development projects in 2012. In total, Alma Media organised over 1,000 days worth of training for its employees in 2012. In addition to open training days organised by the company, employees complemented their professional development through training provided by external partners. Training provided by external training providers is not included in the reported figure for total training days.

## Equality and non-discrimination

Alma Media's equality plans include practical and detailed objectives, actions, schedules, responsible persons and metrics such as the equality index, which is measured once every two years. The equality index based on the most recent measurement in 2011 was 52.8 (compared to 54.9 and 55.2 in previous years).

Although the differences in salaries between men and women at Alma Media have been in line with the average Finnish pay structure, improving gender equality in pay has been highlighted as an important area of development for the Group. Gender equality in pay has been improved in almost all employee groups, partly by allocating company-specific portions of salary increases in a manner that promotes gender equality in pay. In 2012, gender equality in pay at Alma Media improved by several percentage points compared to the previous year in the categories of professional and managerial staff and clerical employees. Gender equality in pay for journalists and book employees declined slightly. For other employee groups, the situation remained unchanged from the previous year.

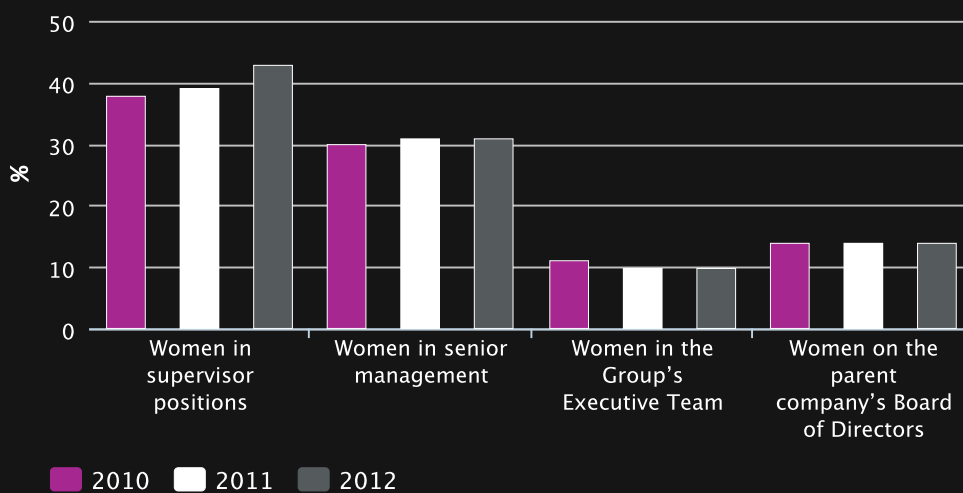
## Pay structure by gender



The ratio of basic salary cannot be calculated as there are no women amongst technical employees  
 \* New reporting category in 2010.

The proportion of women among supervisors and senior management increased in 2012. At the end of December 2012, 57% of those in managerial positions were men (2011: 61%) and 43% were women (39%). At present, senior management includes 31% (31%) women, the Group Executive Team 10% (10%) and the Board of Directors of the parent company 14% (14%). This structure is typical both in media companies and in other industries.

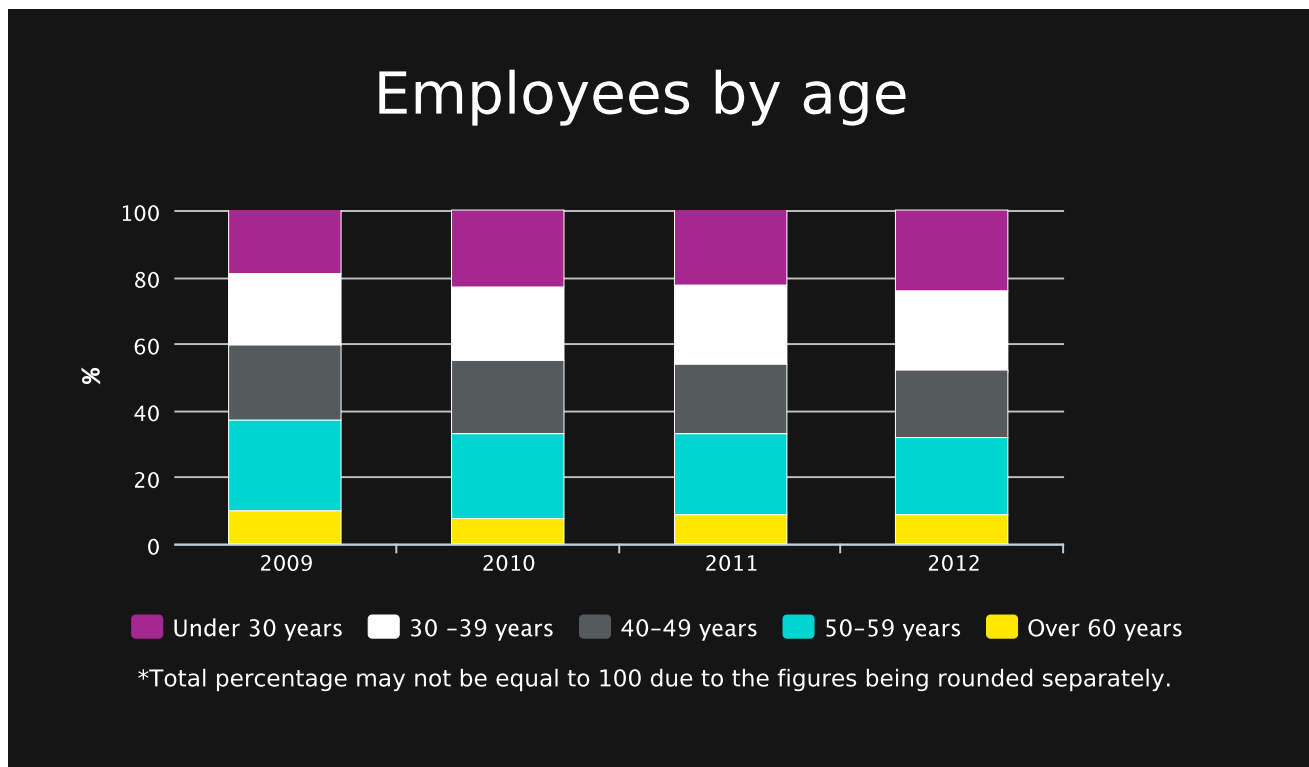
## Proportion of women among supervisors and senior management



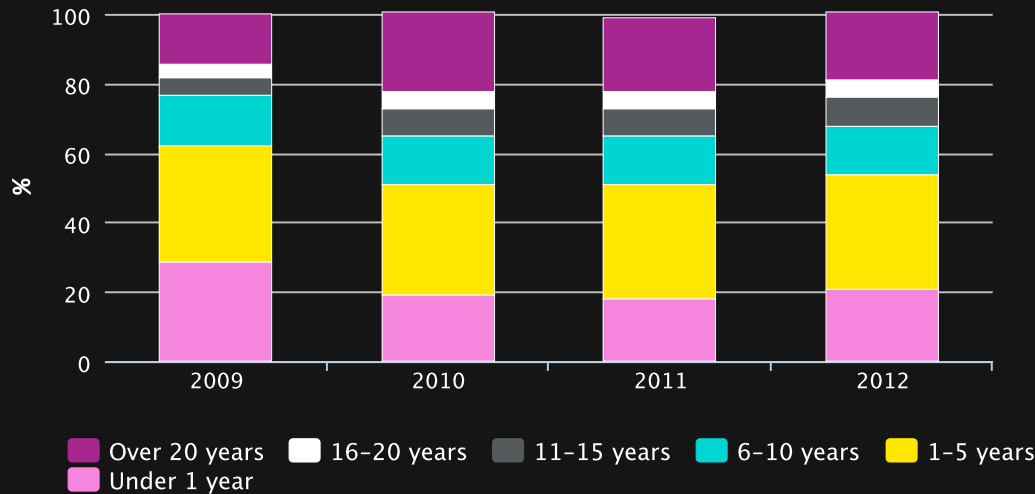
## Diversity

Building the future of media requires a diverse group of Alma Media employees. The significance of employee diversity has increased in the ageing and increasingly international society. At Alma Media, distribution operations in particular offer employment opportunities for qualified candidates who have moved to Finland from abroad. For instance, in distribution operations in Pirkanmaa, immigrants represent 27% of all employees, which is five percentage points higher than in 2011. The Group's printing and distribution unit Alma Manu is tackling the challenges and opportunities presented by employee diversity by drafting a multiculturalism strategy in 2013.

Alma Media has adopted the average retirement age as a metric for monitoring employee well-being and diversity as well as social responsibility. In 2012, the average retirement age was 63.2 years (2011: 63.4).



## Duration of employment



\*Total percentage may not be equal to 100 due to the figures being rounded separately.

Employee diversity also increased substantially as a result of acquisitions carried out in 2012, with Alma Media purchasing a majority share in the leading digital recruitment services in the Czech Republic, Croatia and Slovakia. While this will present new management challenges in the coming years, it will also provide significant opportunities in the form of diverse expertise, new working practices and fresh perspectives.

## Journalism and the readers

Best of 2012:

- Alma Media was involved in assessing the social impacts of journalism through participation in the Nordic Media CR Forum and the GRI initiative
- The operating conditions for local and national journalism were improved by a significant reorganisation of Alma Regional Media
- The transparency of journalism was improved by Alma Media adopting the GRI Media Sector Supplement reporting framework, becoming the first Finnish media company to do so
- Various reader groups, such as young people and senior citizens, were the target audiences of new development projects

## Transparent and interactive media

The basic values of journalism and their impact on society became an increasingly prominent subject of public debate internationally in 2012. This was largely due to a number of much-publicised cases in the United Kingdom in which the ethics and transparency of journalism failed to meet the standards for responsible journalism. The public debate has strengthened Alma Media's newspapers' and websites' commitment to open and transparent journalism based on active industry self-regulation as well as media outlets' own ethical principles that involve stricter standards than the Guidelines for Journalists issued by the Finnish Union of Journalists.

Openness is the foundation of responsible journalism. Corporate responsibility reporting by media companies is one component of open journalism. In spring 2012, the Global Reporting Initiative (GRI) published a Media Sector Supplement

as guidance for the media industry. Alma Media was actively involved in the creation of the guidelines by commenting on them during the drafting process and by participating in discussions on the matter at international forums such as World Responsible Economy Forum and the Nordic Media CR Forum. The Media Sector Supplement provides the first international standard for reporting on a media company’s journalistic process.

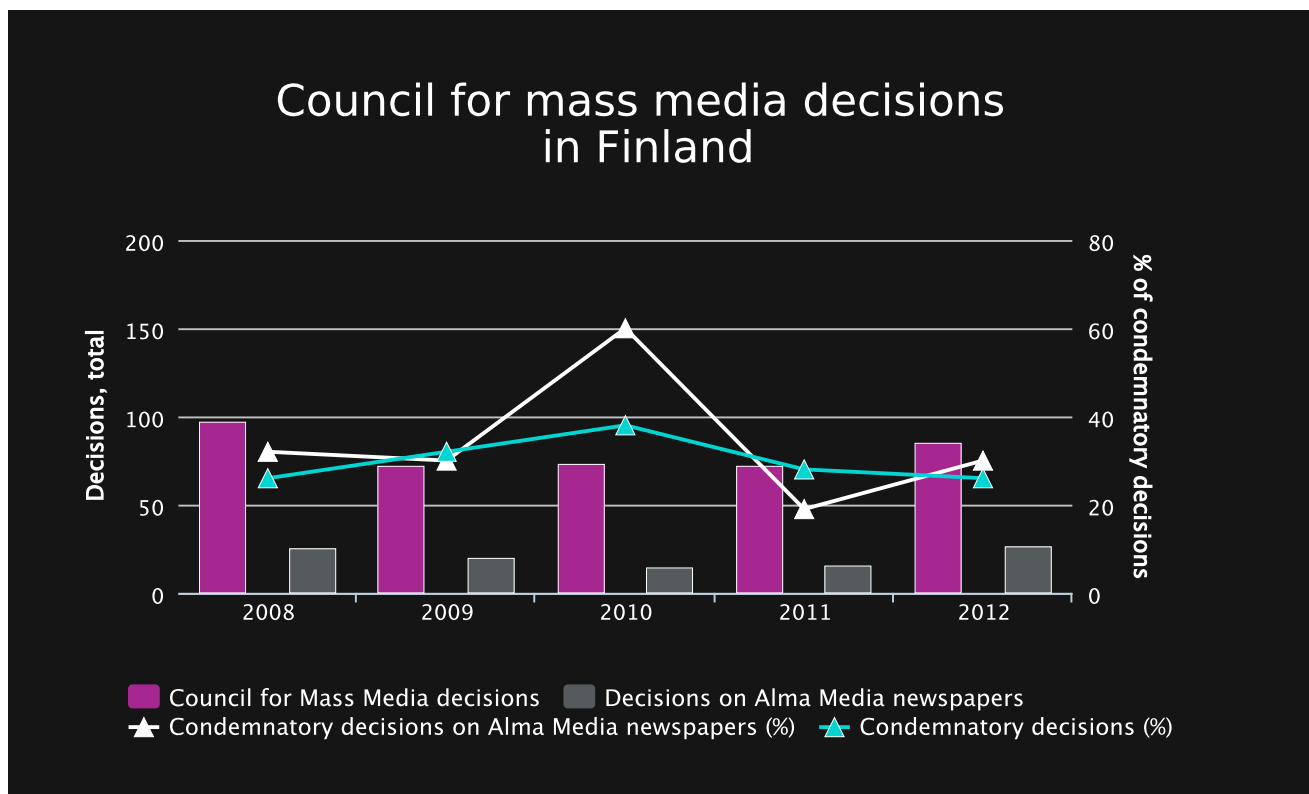
A second focal point of development was analysing the “brainprint” of media, or the indirect effects of media contents. In 2013, Alma Media plans to participate in a Brainprint project organised by the UK-based Media CSR Forum, which will involve different media outlets assessing the social footprint of their content. The project will have a particular focus on the impacts of media content with regard to democracy and economically, socially, culturally and ecologically sustainable development.

Alma Regional Media implemented an extensive reorganisation and renewal of its operating model in 2012. One of the key objectives of the renewal process was to ensure the conditions for responsible and local journalism in the future as transformational changes in lifestyles and media create an entirely new operating environment where the focus is on diverse content and sharing content across multiple channels.

## Reliable media

Council for Mass Media (CMM) decisions, reader feedback, reader panels and requests for corrections are all metrics for reliability and responsible journalism. Alma Media papers discuss CMM decisions at the newspaper level, led by the Editor-in-Chief, and develop their operations accordingly.

In 2012 the Council for Mass Media issued a total of 85 decisions on matters such as corrections and surreptitious advertising. Of the 85 decisions, 27 pertained to Alma Media’s various media. Of the decisions pertaining to Alma Media, 30% were condemnatory, compared to the overall rate of 26% for CMM decisions in 2012. The total number of CMM decisions and the number of decisions pertaining to Alma Media newspapers both increased somewhat from 2011.



# Environment

## Best of 2012:

- A unique study on the environmental impacts of print and online media was published
- Alma Media's new office building was completed in Helsinki and LEED environmental certification is currently being sought for the building
- The company was among the first to join the City of Helsinki Climate Partners network
- Environmental awareness was boosted by the Sustainable Media tour and environmental fact campaign
- VOC emissions were reduced substantially
- Cooperation projects with the Federation of the Finnish Media Industry, VTT Technical Research Centre and media customers, carried out to analyse and mitigate the environmental impacts of the industry as a whole

## Environmental study

Alma Media aims to respond to the growing need for information among customers and other stakeholders on the environmental impacts of print and online media. In early 2012, Alma Media published a study commissioned from VTT Technical Research Centre and the Swedish Centre for Sustainable Communications to analyse the environmental impacts of Aamulehti, Iltalehti and Kauppalehti and their respective online services. The results of the study are described comprehensively on Alma Media's website.

## Environmental responsibility in construction projects

The most significant environmental impacts of Alma Media's and its business units' operations are related to printing and distribution, properties (including the electricity consumption of computers and server rooms), purchasing (newsprint) and travel. Alma Media's new Helsinki office in Töölönlahti, completed in December 2012, and the new printing facility in Tampere, set to begin operations in spring 2013, will reduce the Group's direct environmental impacts in the operations in which they are the highest. Environmental impacts during construction as well as use are minimised in both projects. Both the printing press and the office building in Töölönlahti have been constructed in compliance with the standards required for LEED environmental certification.

### **Environmental matters have been taken into consideration in many ways in designing the Töölönlahti office building and selecting its location, including the following:**

- Energy-efficient building technology
- Underground parking with charging stations for electric cars
- Waste management during construction and use, with extensive recycling
- Excellent public transport links

## Material and energy efficiency

Alma Media can best develop its environmental management by improving its material and energy efficiency. The company has sought information on opportunities for improving efficiency, for example through the extensive environmental study published in 2012. The new printing facility in Tampere and office building in Helsinki significantly improve the energy efficiency of Alma Media's properties. For instance, the printing facility in Tampere will have a heat recovery system that captures 80% of exhaust air. The production efficiency of the new printing press will also be improved, with the energy consumption per one hour of production declining by over 15 per cent. The use of solvent-based detergents and water will also be lower.

As the quality of printing operations improves, fewer materials are wasted. Material loss is expected to be 30% lower with the new printing press, meeting a very high standard. Alma Media has managed to improve material efficiency at its existing printing facility in Tampere, with the maculature percentage\* decreasing by 3% from 2007. Another key aspect of material efficiency is the recovery of waste: almost all waste created by the printing facility is used as a raw material by another business. For instance, the Tampere printing facility produces as little as 100kg of disposable waste per year, which represents a mere 0.005 per mille of total material use. The figure does not include mixed waste taken to landfill sites.

Alma Media achieved a substantial reduction in harmful VOC emissions (volatile organic compounds) from printing operations

in 2012. The chemicals used for cleaning the printing press have been VOC-free for some time, but the company has now also minimised the VOC content of the dampening solution used in the printing process. Alma Media's printing facility in Tampere is one of the first printing facilities internationally to begin using a dampening solution that is nearly free of VOCs.

*\* The maculature percentage expresses the proportion of waste material to total material used in printing operations*

## Supply chain and purchasing

Alma Media can also influence its environmental impact through its purchasing. At present, environmental considerations are particularly taken into account in newsprint purchases, as paper production has wide-ranging impacts on climate change and resource depletion as well as biodiversity. In 2012, 72% of the newsprint used by Alma Media contained recycled fibre. The share of recycled fibre in all newsprint pulp used by Alma Media was 37%. Environmental issues are also a key factor in purchasing chemicals and printing plates.

The Sustainable Media corporate responsibility programme includes the objective of integrating ecological considerations increasingly into ICT purchases. The environmental study indicated that ICT equipment and infrastructure have significant environmental impacts. Careful analysis and mitigation of these impacts is of great importance due to the rapid growth of digital media consumption globally. In 2012, the integration of the responsibility perspective into ICT purchasing was not as successful as planned. As a result, Alma Media has highlighted responsibility in ICT purchasing as a special objective for the year 2013.

The average carbon dioxide emissions of the Group's leased car fleet are also regularly monitored. The target is to reduce average emissions by 11% 2008 to 2014. In 2012, the average CO<sub>2</sub> emissions of the Group's motor vehicles were 144g of CO<sub>2</sub> equivalent per kilometre. This means that the CO<sub>2</sub> reduction target was achieved in 2012, two years ahead of schedule.

*\* Carbon dioxide equivalent is a measure used to compare the total climate effect, or Global Warming Potential, of emissions from greenhouse gases produced by human activity. The carbon dioxide equivalent is calculated by converting the global warming potential of other greenhouse gases to that of carbon dioxide.*

## Increasing awareness

Increasing awareness of environmental issues among stakeholders is one of Alma Media's most important ways of influencing its environmental impacts. In 2012, environmental themes were communicated internally on the Sustainable Media tour, which included environmental theme days at three of Alma Media's cities of operation: Rovaniemi, Pori and Tampere. The company also organised custom training events on the results of the environmental study for media sales, delivery personnel, editorial offices and the Group's corporate responsibility network.

In addition to its in-house measures, Alma Media is actively involved in industry-wide environmental initiatives such as the Shape study carried out by the Federation of the Finnish Media Industry and VTT Technical Research Centre, which investigates media consumption from the perspective of its environmental impacts. On the international stage, Alma Media took a prominent role in the discussion of the environmental impacts of print and digital media in 2012 by communicating the results of its environmental study in various forums in Germany, the United Kingdom and France. The study attracted a great deal of international interest and there are plans to make use of the findings in drafting standards in France and planning media campaigns in the United Kingdom and Finland. Read more about the impact of the study in the feature "Sustainable media through cooperation".

Alma Media also received international recognition: the company was ranked as the runner-up among Nordic media companies in the Carbon Disclosure Project (CDP), a global initiative on climate impacts, with a score that was improved from the previous year.

In 2012, Alma Media carried out a Sustainable Media environmental campaign for the second time. The goal of the campaign was to communicate the environmental impact of media to readers and inform them of how they can reduce the environmental effects of their own media consumption.

Alma Media was also among the first businesses to join the City of Helsinki Climate Partners network aimed at promoting cooperation to reduce climate emissions and boost the competitiveness of the participating companies. Alma Media also published its own climate covenant, with specific climate targets, in conjunction with joining the initiative.



## Climate change mitigation targets

Target	Target relative to base year	Base year	Base year figure	Target year	Elapsed time (%)	Target achievement (%)	More information	New target relative to base year	New target year
Reduction of CO <sub>2</sub> emissions of electricity consumed in own operations	9%	2011	3240t CO <sub>2</sub>	2015	25%	100%	Target achieved in 2012, new target launched.	15%	2017
Reduction of CO <sub>2</sub> emissions caused by operations in Helsinki	4%	2011	270t CO <sub>2</sub>	2013	50%	100%	Target achieved in 2012, new target launched.	10%	2017
Reduction of CO <sub>2</sub> emissions of the Tampere (and Pori) printing facility	5%	2011	2400 t CO <sub>2</sub>	2013	50%	100%	Target achieved in 2012, new target launched.	10%	2017
Reduction of the average CO <sub>2</sub> emissions of the Group's car fleet	11%	2008	168 g CO <sub>2</sub> -ekv./km	2014	67%	100%	Average emissions in 2012: 144 g CO <sub>2</sub> e, lower than the target level of 155 g CO <sub>2</sub> e.	Average emissions target 135 g CO <sub>2</sub> e/km.	2017

From 2012 on, the Finnish CO<sub>2</sub> averages for power production by the Finnish Energy Industries are used instead of those of Alma Media's own electricity provider due to better availability and comparability. The data from previous years has been updated using the Finnish Energy Industries figures for each year to ensure internal comparability.

## Environmental key indicators

### Materials used for printing, consumption

Material	Unit	2008	2009	2010	2011	2012
Paper	tonnes	35,000	31,000	32,000	32,000	26,400
Inks	tonnes	560	500	520	570	480
Printing plates	m <sup>2</sup>	120,000	107,000	120,000	119,000	120,000

### Energy consumption

Direct	Unit	2008	2009	2010	2011	2012
Petrol	GJ	*	7250	6160	4900	4370
	litres		224,760	190,950	152,500	135,310
Diesel	GJ	*	2650	3020	3800	3430
	litres		72,800	82,930	105,120	94,130
Fuels total	GJ	*	9,900	9,180	8,700	7,800
Indirect	Electricity					
	GJ	67,080	63,010	62,670	64,040	60,100
	MWh	18,632	17,502	17,408	17,790	16,696

\*Figures not available

**Emissions**

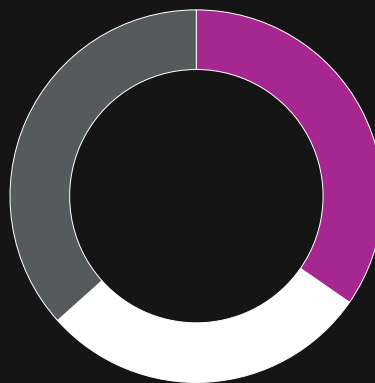
			2009	2010	2011	2012
Direct	Fuels	tCO <sub>2</sub> eq. **	720	670	640	540
Indirect	Electricity consumption	tCO <sub>2</sub> ***	3,200	3,960	3,240	2,150
Other indirect sources	Air travel	tCO <sub>2</sub> eq. ****	190	280	355	415
<b>Other significant emissions</b>			<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
	VOC emissions	kg	12,750	13,300	12,350	5,500

\*\*For fuels, total greenhouse gas emissions are reported converted to carbon dioxide

\*\*\*From 2012 on, the Finnish CO<sub>2</sub> averages for power production by the Finnish Energy Industries are used instead of those of Alma Media's own electricity provider due to better availability and comparability. The data from previous years has been updated using the Finnish Energy Industries figures for each year to ensure internal comparability.

\*\*\*\*From 2011 on, air travel emissions are reported in carbon dioxide equivalent. For 2010 and 2009, only carbon dioxide emissions are reported.

## Production profile of the electricity used



■ Renewable energy
 ■ Nuclear power
 ■ Fossil fuels and peat

Source: Finnish Energy Industries

# Communities

## Best of 2012:

- Youth employment was promoted through the Responsible Summer Job 2012 campaign, which spanned 107 employers and some 30,000 summer jobs
- Extensive organisational restructuring was carried out to improve the operating conditions for local journalism
- Diversity was improved through the Seniors project and the provision of journalistic content in the Sami language
- The multi-channel approach was developed in both traditional and new publication channels, for instance through participation in the Next Media project

## Added value for society

		Direct effect	Indirect effect
customers Revenue M€ 320.1	Readers and online users	Alma Media's newspapers and online services provide three million Finns with information, service and experiences.*	Alma Media's various media feed social dialogue, inspire consumers to make sustainable choices and help them analyse what is going on in the world and understand the challenges of sustainable development.
	Advertisers	Alma Media provides media for customer encounters.	Alma Media's newspapers and online services are effective and responsibly produced, high-quality advertising media that indirectly support economic vitality.
Employees Wages and salaries M€ 132.1		Alma Media has approximately 2,900 paid employees.	Alma Media offers its employees challenges through which they can achieve genuine self-actualisation and act in a socially responsible manner.  By developing their competence, Alma Media helps its employees maintain their value on the labour markets as the industry faces a time of changes.
Business partners Purchases M€ 2.1		Alma Media purchases materials, products and services from local, domestic and international suppliers.	In addition to the obvious employment and business effects, Alma Media offers its partners the opportunity to meet the challenges of sustainable development together (e.g. the company's environmental cooperation with the paper and advertising industries).
Society Taxes, social security and pension contributions M€ 6.3		Alma Media pays taxes, social security contributions and pension contributions.	Alma Media's various media are proponents of their communities, maintainers of public dialogue and promoters of social vitality and well-being.
Shareholders Dividends of M€ 30.2		In March 2012, the company paid a dividend of €0.40 per share for the 2011 financial year.	Alma Media is a responsible company to invest in. An investment in Alma Media promotes sustainable development and freedom of speech in society.

\* Atlas 2011.

## Renewal and events in support of locality and communities

In order for media to support the well-being of its community, it must respond to the challenges of a changing world, maintain its own vitality and renew itself with the support of the local community. In 2012, Alma Media carried out an extensive organisational renewal with the aim of ensuring the vitality of local journalism in the future. The renewal saw Alma Media's regional and local newspapers consolidated into the Alma Regional Media business unit, which increases editorial cooperation in national journalism and ensures strong resources for local news.

Also in 2012, Alma launched a discussion tour concerning issues related to the sustainable development of different regions. The "New North" forum organised in partnership with Lapin Kansa brought together regional decision-makers to discuss the challenges and opportunities of sustainable development that should be taken into consideration in Lapland in the future. Alma Media continued to highlight sustainability in the public dialogue in January 2013 by organising the Sustainable Business in the Arctic event in partnership with Finnish Business & Society at the new Alma Media office building in Töölönlahti. Alma Media plans to continue organising events and forums for discussing regional development in its other cities of operation in 2013.

## Diversity and the multi-channel approach

The multi-channel approach is a key aspect of Alma Media's services. In 2012, the company invested in developing both traditional and new channels. To better serve print media consumers, the new printing facility in Tampere, scheduled to begin operations in early 2013, was planned with an eye to developing the printed newspaper. At the same time, the amount of content offered to users of tablet devices and smartphones grew substantially from the previous year.

Finland's growing senior age group was the focal point of the Seniors project to develop media services for elderly users. Young people are also offered customised content, for instance during the annual Newspaper Week. Lapin Kansa has included supporting Finland's only indigenous population group, the Sami, in its agenda. The newspaper offers the Sami news that interests them in their own language.

## Economic well-being through the Responsible Summer Job campaign

In addition to the direct and indirect impacts of its business operations, Alma Media supports economically and socially sustainable development through partnerships. One example of this is the youth employment campaign organised in partnership with the Finnish Children and Youth Foundation (FCYF), which was implemented for the second time in 2012. The Responsible Summer Job 2012 campaign challenged companies to create good summer jobs for young people. The goal of the campaign was to take an action-oriented approach to youth employment. A total of 107 employers joined the campaign to offer some 30,000 responsible jobs. The campaign will continue in 2013 with an aim to have 200 employers join in. A new objective for 2013 is to also provide summer job advice for young people.

## Products

Best of 2012:

- Ecological advertising was developed in partnership with advertisers
- The company participated in international dialogue on responsible advertising
- Responsible media buying seminar organised for media customers
- Responsible recruitment given increased emphasis in the operations of Monster.fi

### Sustainably-produced media space

Alma Media's advertisers are increasingly interested in how Alma Media supports their communications on sustainable development through its own responsibility. Alma Media and its media have taken an active approach to responsibility in advertising. After the publication of the environmental study in early 2012, Alma Media launched a number of projects related to responsible advertising. One of the projects has the goal of determining the environmental impacts of the full advertising value chain in partnership with an international media customer. The project aims to provide new information on the ecological footprint of media and evoke international discussion on responsible advertising while making this perspective a natural component of marketing planning. The same theme is also highlighted domestically: In early 2012, Alma Media organised a "Responsible media buying" event to provide information to advertisers on the environmental impacts of media. The positive feedback received on the event, and the partnerships it led to, made responsible marketing and advertising one of the Group's focal points for 2013.

### The sustainable media perspective in developing online services

One of Alma Media's objectives for 2012 was to integrate the Sustainable Media perspective more closely into the development of online services. One example of this is the Monster.fi working life guide designed to support young people in seeking employment. As the number of Alma Media's online recruitment services in Europe grew in 2012 through multiple acquisitions, a new objective is to integrate the responsible recruitment perspective into the newly acquired online services.

Also in 2012, Alma Media began developing a new online service focused on sustainable economy. The aim is to launch the service in 2013.

### Reliability of products and services

Reliability is the foundation of all operations. It is a common feature for Alma Media's various digital online services. The importance of reliability will only grow further as commerce moves to the online realm and fraud becomes increasingly frequent.

The use of customer registers specific to particular newspapers and services is governed by, among other regulations, the Personal Data Act and the Data Protection Act. Customer data is protected through various measures. The server rooms for all online services have been protected so as to withstand physical and digital attacks. Maintaining a high level of service availability\* helps ensure that the services offered are reliable and available to potential buyers or tenants: Etuovi.com, Vuokraovi.com and Autotalli.com, for instance, have nearly 100% availability.

The customer service communications of Alma Media's online services have been analysed and all customer service employees have been provided with a personal development plan intended to improve the quality and reliability of the service experience further.

*\* Service availability expresses the percentage of time a service is available to customers. Service availability is influenced by factors such as technical problems and system downtime due to maintenance operations.*

**Please find Alma Media's full CR report, including the GRI Index, in Alma Media Annual Review 2012.**

## Glance at 2013

Estimates of Finnish GDP growth in 2013 published by the writing of this Annual Review vary between 0–2%. The variation in the forecasts indicates that economic development remains uncertain and it is difficult to make accurate estimates.

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The general development of the national economy, business prospects and consumer confidence in the economy all have an impact on the willingness of businesses to invest in marketing communications. The aforementioned factors also influence consumer decisions about subscribing to paid media content.

The Advertising Barometer published by the Association of Finnish Advertisers in January 2013 suggests that planned spending on print media is on a clear decline, while spending on the various forms of online media, along with television and in-store marketing, is increasing. Advertisers also still intend to focus on social media. The Advertising Barometer's net change indicator for 2013 is -16 (+2): of the advertisers who participated in the Advertising Barometer survey, 22% intend to increase advertising spending in 2013, 37% plan to cut back and 41% indicate that their advertising spending will remain unchanged from the previous year. Around 80% of the respondents indicate that they expect overall advertising spending in the market to decrease in Finland due to the economic uncertainty, while around 20% feel it will remain unchanged. The Advertising Barometer survey was carried out in December 2012.

## Outlook for 2013

In its Financial Statement Release, published on February 15, 2013, Alma Media stated as follows:

The general uncertainty prevailing in the Group's principal markets, as well as the shift in media consumption from print media to electronic channels, make it difficult to forecast the development of the advertising and circulation revenues. The share of digital services in the media market will continue.

Economic growth is estimated to remain weak in Europe in the early part of 2013. The increase in the sales of digital services is not enough to cover the drop in the sales of print media. Alma Media estimates that the company's revenue and operating profit, excluding non-recurring items, will decrease in the first half of 2013 from the level of the corresponding period in 2012. The revenue for the first half of 2012 was MEUR 162.2 and operating profit, excluding non-recurring items, was MEUR 16.1.

## Management priorities in 2013

In 2013, Alma Media will continue to develop its publishing operations with a focus on multimedia while developing and growing digital business and consumer services. Digital business growth is supported by Group-wide information system development.

The focus of Alma Regional Media will be on continuing to establish the organisation's new operating model and emphasis on cooperation. Quality and efficiency will be improved across all functions. The move towards paid digital content and consumer services will extend to regional and local papers. Iltalehti will continue on its path of strong digital service development, with plans in place to launch a number of new products during the year.

In 2013, Kauppalähti Group will focus particularly on increasing advertising sales. The new subscription model will also be developed further. The aim is to find the most suitable subscription model for every customer, either in digital or print format, or a combination of the two. Kauppalähti Information Services will expand its range of services, and the development of Business Premises operations as part of Kauppalähti Group will continue.

The Marketplaces unit will put considerable emphasis on integrating the acquisitions made in 2012. The goal is to ensure that the positive development of the acquired companies will continue under Alma Media Group.

Etuovi.com is planning and implementing significant development projects related to technical aspects and service offering. These projects and the successful launch of new products play an important role in the future of the operations of Etuovi.com. One example of these moves is the January 2013 launch of an online interior decoration service.

Offering more services to consumers is one of the focal areas for 2013, as is increasing the proportion of consumers among the advertising customer base. Alma Diverso will focus on developing network products for online advertising. Another focal area of digital consumer services is the promotion of mobility across different services.

The focus of Alma Manu will be on commissioning the new printing press, optimising printing operations and planning and implementing new product opportunities in distribution operations.

## Sustainable media in 2013

The Sustainable Media corporate responsibility programme creates the framework for Alma Media's responsibility. In 2013, the focus areas of the programme are:

- **Incorporating responsibility into the day-to-day work of Alma Media employees:**
  - Facilitating volunteer work by Alma Media employees in cooperation with an NGO partner
  - Organising corporate responsibility campaigns related to well-being at work and the environment
- **Responsibility as an integral part of product and service development**
  - Building a website related to the theme of sustainable business
  - Incorporating the environmental perspective into the mainstream of advertising and marketing in cooperation with customers
  - Integrating responsibility as part of ICT purchasing
- **Developing open corporate communications**
  - Communicating the Sustainable Media project
  - Succeeding in indices and surveys related to responsible investments, such as the Carbon Disclosure Project initiative
- **Responsible influence**
  - Participation in promoting economic and social well-being in society: incl. the Responsible Summer Job 2013 campaign, theme seminars related to social issues, particularly sustainable business
  - Advancement of responsibility in the media industry: incl. Nordic Media CR Forum and the Shape research group
  - Media partnership with the "Ratkaisun paikka 2013" ("Site for Solutions") corporate responsibility event

## Dividend proposal

On December 31, 2012, the Group's parent company had distributable funds totalling EUR 8,014,054 (51,941,032). No essential changes in the company's financial standing have taken place after the end of the financial year. The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.10 (0.40) per share be paid for the 2012 financial year. Based on the number of shares on the closing date, December 31, 2012, the total dividend distribution would amount to EUR 7,548,685 (30,194,741).